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No. 1, January 1983

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3 May 1983

USSR REPORT

WORLD ECONOMY AND INTERNATIONAL RELATIONS

No 1, January 1983

Translation of the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations, USSR Academy of Sciences.

CONTENTS

Table of Contents of 'MEMO' Journal, January 1983	1
English Summaries of Major Articles in 'MEMO' Journal	3
Editorial Discusses Economic, Foreign Policies	7
Lack of U.S. Response to Soviet Disarmament Proposals Criticized (Yu. Tomilin)	15
Categorization of States Simply as Rich or Poor Criticized (I. Ivanov)	26
Reagan Policy on R&D Compounds Effects of Past Neglect (A. Dynkin)	38
Failure of Parliamentarianism in Most Third World Countries Examined (N. Simoniya)	51
OPEC-Third World Investment, Trade, Aid Ties Detailed (I. Seyful'mulyukov)	66
Book Attacking Current Western Social Theories Reviewed (G. Ashin, M. Polishchuk)	82
U.K. Book on Nuclear Deterrent Reviewed (V. Davydov)	86

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TABLE OF CONTENTS OF 'MEMO' JOURNAL, JANUARY 1983

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1,
Jan 83 pp 1-2

[Text]	Page
"A High-Minded, Consistent and Considered Policy"	3
Yu. Tomilin, "Curbing the Nuclear Threat--Priority Task"	12
I. Ivanov, "The Concept of 'Poor' and 'Rich' Countries: Sources, Essence, Thrust"	22
I. Lebedev, Ye. Khesin, "The 'Commonwealth'--Problems and Prospects"	32
A. Dynkin, "'Reaganomics' and the Contradictions of Scientific- Technical Progress"	51
T. Karyagina, V. Khlynov, "State Policy in the Sphere of Labor and Labor Relations in Japan"	62
Critique of Bourgeois Theories	
I. Filatochev, "The Monetarist Theories of the 'Open Economy'"	73
Tribune of the Economist and International Affairs Expert	
N. Simoniya, "National-State Consolidation and Political Differentiation of the Oriental Developing Countries"	84
Our Commentary	
G. Kolosov, "Great Britain's Military-Political Course at the Start of the 1980's"	97
International Roundup	
V. Babak, Ye. Volkova, N. Stel'tsova, "Current Problems of World Politics"	103
Surveys, Information	
I. Seyful'mulyukov, "The OPEC Countries' Economic Cooperation with Other Developing Countries"	123

Portrait of a Monopoly

V. Shumilin, "Mannesmann" 133

Books, Authors

G. Ashin, M. Polishchuk, "Bourgeois Ideology: Latest Reassessment of Values" 139

V. Davydov, "The Blind Alleys of Militarist 'Thinking'" 141

A. Kulikov, "Transsectorial Monopoly Expansion" 143

D. Dumbadze, "Big Capital and Power in West Germany" 145

L. Yevenko, "Theory and Practice of Capitalist Management" 147

Ye. Bragina, "Problem of Export Diversification of the Developing Countries" 149

L. Gladchenko, "Important Factor of International Relations" 151

Statistics

Unemployment in the Capitalist World 154

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ENGLISH SUMMARIES OF MAJOR ARTICLES IN 'MEMO' JOURNAL

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1,
Jan 83, pp 158-159

[Text] The editorial "Principled, Consistent and Well-Considered Policy" refers to the important decision taken in the Soviet Union towards the end of the 1982 and outlines the plans for 1983 year, proceeding from the tasks set by the regular Plenary Meeting of the CPSU Central Committee in November 1982. It demanded the intensification of production, the raising of the efficiency of the national economy. The Plenary Meeting stresses that the chief methods to be used are improvement of economic management, planning, and of the economic mechanism; creation of the best possible economic and organizational conditions for stimulating high labor productivity, initiative. The article emphasizes that there exist extensive reserves in the country's national economy. They must be drawn forth by the acceleration of scientific and technical progress. The article speaks about the development of socialist democracy in the broad sense of the word. The 60th anniversary of the USSR is an additional proof of the triumph of Soviet democracy.

The strengthening of the socialist community remains the principal concern of the CPSU. All the plans advanced by the community of socialist states are plans of peace and creative endeavour.

As far as Soviet foreign policy is concerned it has been and will remain as determined by the decisions of the 24th, 25th and 26th Congresses of the CPSU.

The November Plenary Meeting of the Central Committee of the CPSU in line with the Peace Programme adopted by the 24th, 25th and 26th Congresses once again stresses that humanity cannot endlessly accept the arms race and wars if it does not want to jeopardize its own future. Ju. Tomilin's article "Curbing of Nuclear Threat is an Urgent Task" explains why the problem of eliminating the nuclear threat is of paramount importance, why it is necessary to search ways for genuine disarmament and prevention of nuclear war. Such was the central theme at the 37th Session of the UN General Assembly and the Second UN General Assembly Special Session on Disarmament. The author believes that the urgent measures contributing to the solution of this problem might be the renunciation by the nuclear powers of the use of nuclear weapons, the complete and universal banning of nuclear weapons tests, the freezing of nuclear arsenals. The instrumentation of all these measures would prepare favorable conditions for a

radical solution of the nuclear problem--a gradual limitation of nuclear weapons up to and including their complete abolition. The author believes that new Soviet initiatives for an "Immediate cessation and prohibition of nuclear weapons tests" and "Elimination of the threat of nuclear war and safe development of nuclear energy" are extremely timely. Their pressing aim is to prevent the spreading of nuclear weapons throughout the world. The author also speaks about some resolutions adopted by the 37th Session on the initiative of the socialist and non-aligned countries.

I. Ivanov in his article "Conception of "Poor" and "Rich" Countries: Origin, Nature, Purposefulness" presents an analytical review of the concept, dividing the contemporary world into "rich" and "poor" nations. Picturing it as inconsistent even statistically the author warns about the political and social findings which may be misleading for the national liberation movement, the struggle for the economic decolonization and international diplomacy. The author points out that any social analyses have to be based on a class approach no matter is the question under review of national or international origin.

The target of I. Lebedev and E. Khesin in the article "The Commonwealth-- Essence, Problems, Prospects" is to figure out the actual role of the Commonwealth, its recent evolution, internal and external factors of its further development.

Commencing with the structural and organizational particulars of the Commonwealth, its composition and the mechanism of operation the authors examine in succession on the role of the United Kingdom, Canada, Australia and New Zealand as well as their relationship with the developing countries.

The increasing economic and political influence of the U.S.A., the West European integration contributed to the erosion of the British domination within the Commonwealth, leading to the desintegration of the British invisible empire undermined by the breakdown of the colonial system. Nevertheless, the position of the British capital in certain Commonwealth nations is rather strong: the United Kingdom's direct investments in the Commonwealth sphere account for the 2/3 of its total bulk. Great Britain also preserves the control over the Commonwealth nations in the military matters and in the field of mass media.

Canada, Australia and New Zealand, which pretend the regional leadership, try to use the Commonwealth relationship to strengthen their influence in the developing world.

The long existence and the evolution of the Commonwealth witness that the Commonwealth responds to the intentions of the industrial capitalist countries-- primarily of the United Kingdom--to secure their international weight. Besides that there is a vast group of the developing countries interested to obtain advantages from the economic and technological assistance received through the Commonwealth channels and to achieve the political goals using the Commonwealth relations.

A. Dynkin in the article "Reagonomics" and Contradictions of Scientific and Technological Progress" goes on with the analysis of the reagonomics' impact on various aspects of the U.S. economy. On the basis of abundant data the author observes the actual deterioration of domestic and foreign economic environment affecting the R & D dynamism namely the arrest of the productivity growth and increasing technological challenges on behalf of Japan and Western Europe. Along with these negative processes there have been the related unfavorable trends in the very field of R & D. The reduction of public financing of R & D carried out by industry led to the shifts from radical breakthroughs to improvements and imitations connected with the profit criteria of the private R & D activity.

The American state produced a series of moves to offset those negative evolutions by conventional means of the state monopoly regulation in the late 70's. The Republican administration formulated the new program of the economic revitalization which envisaged the prevalence of the market mechanism as the main tool to spur the industrial innovation and drastic increase of military and space R & D is proclaimed as national technological priority. Market considerations supported by the taxation and depreciation government techniques are to determine the R & D priorities in the resting range of applied sciences affecting crucially basic research.

According to the "supply-side economics" doctrines the prescribed regulatory mechanism brings about certain positive effect in the short run but its long-term prospects promise new impediments to the scientific and technological progress.

T. Karyagina and V. Khlynov in the article "State Policy in the Field of Labor Relations in Japan" give evidence to the fact that the state regulation of employment, wages and trade unions' activity has represented one of the most significant components of the overall socio-economic policy of Japan during the postwar period. The governmental moves to manage labor relations, namely certain legislative measures, the introduction of special plans and programs, targetted to resolve the acute problems within the labor relationship, are actually of a propagandist character. The undertaken measures are aimed to divert the Japanese working class struggle.

The state attempts to govern labor problems are in fact reduced to the elimination of the economically disadvantageous elements of the labor relations system. These measures are directed to secure the political and ideological advantages which are specific for the Japanese state monopoly capitalism. These particulars of the Japanese socio-economic system comprise the lifetime employment practices, specific remuneration system in industry, the company organizational structure of the unions.

Due to the class character of the modern Japanese society and subsequently the class orientation of the state labor policy the latter is only an alleviation tool to ease social tension, to smooth the imminent contradictions between capital and labor, a means for temporary and palliative resolution of the capitalist antagonisms.

Numerous articles, dedicated to the criticism of the contemporary monetary postulates, focus essentially on the internal conditions of the capitalist reproduction. I. Filatochev in the article "Monetarist Theories of the Open Economy" dwells upon the fundamental Neoclassical principles underlying the modern state monopoly regulation operating in the internationalized economic environment.

The author investigates the main theoretical approaches of monetarism aimed to manage the balance of payments problems. These approaches are thoroughly distinguished from those of the Keynesian receipts of the supranational regulation.

The most important trends of the "open economy" monetarist views comprise primarily the floating rates system which is regarded to be, so to say, the self-tuning market mechanism of the p.o.b. adjustment in various countries. Besides the idea of the floating rates there are also the concept of global monetarism and the theory of capital assets. The analytical comparison of the three mentioned trends helps the marxist estimation of their essence and the revelation of their inner contradictions.

The main emphasis is placed on the practical recommendations stemming from the monetarist theories which account for the exterior conditions of the economic advance. The author takes the example of the U.S. foreign economic policy. Armed with the monetarist prescriptions the latter has recently inflicted considerable losses on the American economy itself, as well as on the economic development of the other imperialist states. The monetarist expectations that the self-regulation would bring about the long awaited world balance have failed.

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EDITORIAL DISCUSSES ECONOMIC, FOREIGN POLICIES

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1,
Jan 83 pp 3-11

[Editorial: "A High-Minded, Consistent and Considered Policy"]

[Excerpts] Looking back at the path that has been covered and weighing their possibilities in proprietorial manner, Soviet people cannot fail to discern big potential; its commissioning could stimulate our progressive advance and spread it along a broader and more priority front. For a number of reasons, some of which were connected with the complication of the international situation, certain--and important, moreover--targets of the first 2 years of the 5-year plan were underfulfilled.

Although labor productivity in industry--the main indicator of the efficiency of the economy--increased 2 percent in 1981, such a rate cannot satisfy us. The problems of the association of the raw material and processing sectors and output's material consumption, the problems of transport and others, which are not being solved quickly enough, are also causing concern. The task of an acceleration of agricultural production and development of the agrarian-industrial complex and on this basis of the Food Program adopted by the CPSU Central Committee May (1982) Plenum is of an urgent nature.

Evaluating available potential, the November Plenum outlined an acceleration of the rate of development of the economy and an increase in the absolute increase in national income, industrial and agricultural products and retail commodity turnover. In its decree the plenum oriented us toward the maximum use of available potential for an improvement in economic activity, an acceleration of scientific-technical progress, a growth of labor productivity at all levels of the national economy and an increase in the production and a rise in the quality of products.

Particular attention was paid to problems of capital construction in all sectors of the national economy and strict observance of the expenditure norms of fuel, raw material, metal and other materials and financial and labor resources. Central significance was attached to a further refinement of planning and management of the economy and the style and methods of management.

Proceeding from the recommendations of the plenum, the session passed the Law on the State Plan of the USSR's Economic and Social Development in 1983, which

provided, inter alia, for a growth of national income used for consumption and accumulation of 3.3 percent (compared with 2 percent in 1980), industrial output of 3.2 percent (correspondingly 2.8 percent) and labor productivity in industry of 2.9 percent (2 percent). Making concern for Soviet man, his work and social conditions and his spiritual growth the cornerstone, the party and government have planned the preferential growth of group "B" sectors and an increase in consumer goods production. Real income per capita will continue to grow.

It is perfectly obvious that it is a question of taut targets which, furthermore, have to be met with a comparatively smaller increase in material expenditure and labor resources.

The question arises of the levers and means which are designed to provide organizationally for the fulfillment of the upgraded plan quotas. These means and methods were specifically indicated in the CPSU Central Committee decree. "...Importance," this document says, "should be attached to the strengthening of state, labor and performance discipline in each field of production and in all spheres of management, an increase in organization and professionalism in work, the extensive development of socialist competition in industry, agriculture, construction, transport and in other sectors of the national economy, the fuller use of intensive factors of economic development and available potential, economies in all types of resources, an improvement in qualitative indicators and achievement of the highest end results with the least expenditure. We must persistently introduce in production the achievements of science, technology and progressive experience. And ensure strict supervision of the fulfillment of adopted decisions."

An important role in realization of the outlined plan indicators is assigned foreign economic relations. Their intensiveness should be raised appreciably, and, furthermore, paramount significance is attached to the extension and intensification of cooperation with the socialist countries.

The party poses conclusively the question of the creation of conditions--economic and organizational--which would stimulate high-performance, productive labor, initiative and enterprise. Under socialism there is none of the greed for gain typical of capitalism, nor should there be. Observance of the highest, nationwide interests is a law of socialist management. This means that the workers of socialist production should be oriented not only toward plan indicators and the assignments and directives of the center. All of them, at all levels, should be characterized by energy, initiative and the spirit of social enterprise which has nothing in common with a narrowly pragmatic attitude and ownership aspirations and which constitutes an inalienable appurtenance of the mature socialist society.

Importance in this plane is attached to the plenum's formulation of the question of the broadening of the independence of the associations and enterprises and kolkhozes and sovkhozes. The Council of Ministers and the Gosplan were given instructions concerning the development of practical measures for tackling this urgent task. At the same time, however, it is perfectly obvious that such steps rule out haste and rashness, not to mention spontaneity and haphazardness. Circumspection, the organization, where necessary, of an experiment and a

strictly weighed approach which also includes a comprehensive consideration of the experience of the fraternal countries should be the preliminary condition of such measures and their prerequisite. The decisive criterion here also is an increase in the responsibility of each for the satisfaction of nationwide interests and concern for benefits for all.

Truly far-reaching and largely qualitatively new tasks confront the Soviet economy in the sphere of the introduction of new equipment, the stimulation of scientific-technical progress, development of the fuel-energy complex, economies in and the jealous use of material resources, realization of the Food Program and development of the agrarian-industrial complex.

There are no nor can there be any ready prescriptions for the solution of all these questions and others connected with them put on the agenda by the ongoing development of our economy and society and their unswerving advance toward the great communist goals.

At the same time, operating profoundly in accordance with invigorating Leninist tradition, the party has been able at its recent fora to distinguish the main, central element which has to be seized to ensure emphatic change. People, the workers of the socialist society, are this element and this determining and principal factor. It is to them that the party and the Soviet Parliament appeal for a redoubling and tripling of creative efforts for the solution of national economic problems at all levels and at every place of work. This appeal has evoked a warm response in the hearts of all Soviet people.

A central place in the struggle for the fulfillment and overfulfillment of the plan quotas is occupied by socialist competition. The party sees its further, rapid development as a most important condition of the assertiveness of the working people's masses and the development of the creative initiative of millions. Competition achieves its greatest success where the useful initiatives of some labor collectives win the timely and practical support of others and where the continuous buildup and qualitative development of this success is ensured. The fruitfulness of competition depends to a very great extent on an ability to concentrate efforts in the central areas of national economic activity. Such today are primarily an acceleration of technical progress, an increase in product quality and the better, higher organization of labor. It is in these areas that the party calls for the concentration of the main attention of the collectives and the enlistment in the solution of the urgent problems here of workers with a creative bent who are capable of decisively overcoming the inertia of outmoded methods of the organization of labor.

Socialism and peace are indivisible. This truth was again demonstrated as distinctly as could be by the fora of our party and state which have been held since the death of L.I. Brezhnev. Promotion to the forefront of tasks connected with an upsurge of the economy and an improvement in the people's well-being is evidence of the profoundly peace-loving nature of the Soviet state.

It is natural, therefore, that the fora which have been held have primarily wholly and fully confirmed the peace strategy formulated by the 24th-26th

CPSU congresses and the Peace Program for the 1980's put forward by the 26th congress and supplemented by a set of new initiatives. They confirmed as invariable goals of Soviet foreign policy the securing of lasting peace and defense of the peoples' rights to independence and social progress.

The November Plenum again proclaimed as our party's primary concern a further strengthening of the socialist community, regarding its unity as a guarantee of successes in all spheres. The facts show that in the recent past the friendship and cooperation of the fraternal countries have become deeper and more effective and have been reflected in the joint accomplishment of production, transport, power engineering, scientific-technical and other tasks. They have precisely coordinated a common policy in the international arena aimed at the consolidation of peace and security and the preservation and extension of the relaxation of international tension.

The imperialist "crusaders" against the socialist world, numerous disciples of direct and indirect interference in the affairs of the socialist countries for the purpose of "softening" the popular system there and provocateurs of all shades and hues have recently been forced to acknowledge increasingly often the futility of their efforts aimed at undermining the socialist community and poisoning the atmosphere in relations between socialist states. Events are prompting the bourgeois press on the one hand to gloomily note the increase in conflicts and tension in the Western camp--from "trade wars" through increasingly serious political confrontations of the three centers of interimperialist rivalry--and, on the other, to record, against their will, the continuously strengthening cohesion of the socialist countries.

The CPSU and the Soviet state are unswervingly maintaining course toward an improvement in relations with all the socialist countries, proceeding from the fact that good will, respect for one another's legitimate interests and common concern for the interests of socialism and peace should create a basis for accord even in instances where for this reason or the other the necessary level of mutual understanding has still not been secured. This policy is fully justifying itself. The plenum, in particular, evaluated positively the dialogue which has begun in Soviet-Chinese relations. It would, of course, be inappropriate to belittle the difficulties standing in the way of a normalization of and improvement in relations between China and the USSR. But at the same time the hopelessness of the gamble of imperialist policy, particularly American and Japanese, on Sino-Soviet disagreements becoming a kind of eternal institution is perfectly obvious. Soviet people are convinced today, as they have always been convinced, that the future belongs to normal relations between the USSR and the PRC and friendship between the Soviet and Chinese peoples.

Taking Lenin's instructions as a basis, our foreign policy consistently supports the struggle of the peoples for national liberation and is comprehensively assisting the young states which have cast off the yoke of colonialism and which are resisting the neocolonialist tricks of the imperialists, which are aimed at pulling the developing states into the orbit of influence of world capitalism and integrating them in its economic and also political system.

As Yu.V. Andropov emphasized at the November Plenum, solidarity with the states which have liberated themselves from colonial oppression and with the peoples

defending their independence was and remains a fundamental principle of Soviet foreign policy. The USSR attaches importance to the nonaligned movement, which performs a big and growing positive role in international affairs. The diverse relations which our country maintains with many of these states are to the benefit of both sides and international stability. This is attested as graphically as can be by the example of the USSR's relations with great India, whose friendly nature was emphasized once again during I. Gandhi's recent visit to the Soviet Union.

The Soviet country, together with its allies, expresses readiness to cooperate in name of peace and the good of the peoples with all states, regardless of their social systems. The pronounced successes in the USSR's relations with many West European countries convincingly indicate the fruitfulness of such cooperation and dialogue. The CPSU Central Committee plenum emphasized a readiness to further develop relations with the capitalist states in the channel of the ongoing development of detente.

The Pharisees of bourgeois propaganda and certain Western politicians also have attempted to construct various speculative forecasts concerning allegedly impending changes in Soviet foreign policy and expressed hypocritical "misgivings" in connection with the fact that the USSR is allegedly prepared to depart from the policy of detente in international relations.

Such "analysts" were answered with exhaustive fullness and clarity in Yu.V. Andropov's speech at the November Plenum: "You have only to think of how many attempts have been made in recent years to ascribe to the Soviet Union every conceivable sinister intention and to portray our policy as aggressive and a threat to the security of now one, now another state. But now, it turns out, the alarm is being sounded about the fact that this policy might change. Its preservation is seen as an important prerequisite of peace and tranquillity in the international arena. It should be said conclusively: Soviet foreign policy was and remains such as it was determined by the decisions of the 24th, 25th and 26th congresses of our party....As a matter of fact, there is nothing for us to rescind: we have not imposed sanctions against anyone, we have not abandoned treaties and agreements we have signed and have not broken off negotiations which have been started."

What was said strikes home, as they say, to certain leaders of the capitalist world, who are distinguished by unpredictability of behavior and who are treacherously flouting both the standards of international law and their own, voluntary adopted commitments, if only to acquire "freedom" in respect of an acceleration of the race in nuclear superarms and an unchecked spurring of international tension, which has already reached dangerous proportions.

Of course, the Soviet Union and its allies--the socialist community countries--cannot overlook the facts of the imperialists' buildup of their military arsenals. They have to pay due attention to defense. The USSR Supreme Soviet session deemed it expedient to maintain Soviet military spending in 1983 at the absolute 1982 level, although, of course, it would be preferable to reassign if only some of these resources to the peaceful sectors of the economy, where there is a very great need for expanded investment. Unfortunately, such

an opportunity is at the present time lacking. It is ruled out by the imperialist policy of arms race with the candidly proclaimed purpose of securing military superiority and at the same time achieving the "economic exhaustion" of the socialist and other peace-loving states.

The fact that certain Western newspapers, including the London TIMES, have attempted to present Soviet leaders' pronouncements on the need to strengthen the USSR's defense capability as evidence of the Soviet Union's intention to build up its arms at all costs attracts the attention. Such deliberate shifting of the accents is tantamount to a juggling bordering on direct falsification. The Soviet Union, like its allies, is indeed concerned for its defense capability, but this is an enforced policy, and the socialist states would like nothing better than to devote all their forces and resources to the solution of problems connected with the development of the peaceful economy.

V.I. Lenin called disarmament the ideal of socialism. The entire strategy of the CPSU and the Soviet state in the international arena amounts to making this ideal a reality and realizing it in practice.

It is not fortuitous that the Soviet proposals and initiatives are at the center of the world public's attention. Their realism is generally recognized. Take, for example, the problem of strategic nuclear arms of the USSR and the United States. The Soviet Union advocates these weapons and their arsenals being, for a start, frozen at the present level, which would create favorable conditions for negotiations, and subsequently for the conclusion of an agreement on a mutual reduction in such weapons.

The idea of nuclear freeze in its specific application to strategic weapons is meeting with understanding everywhere in the world both among the broad masses and politicians belonging to the ruling echelons of many capitalist countries. The adoption of such an approach would immediately suffuse the negotiations currently under way with hope-instilling content, putting an end to the abnormal situation where discussion via a number of diplomatic channels is lagging markedly in its fruitfulness behind the rate of the creation of new military equipment.

It has to be recognized that the policy of the U.S. Administration on the eve and at the outset of 1983 also continues with respect to the majority of international problems--and the decisive ones, including the problem of fettering the arms race, at that--to be distinguished by the same bellicose negativism.

On the one hand Washington officials served up a more than distinctive "New Year's present" for the people of their own country and the international community, announcing at the end of 1982 the President's decision to produce 100 new MX ballistic nuclear missiles intended for use as a first-strike weapon and requesting Congress for \$26.4 billion for this purpose. The President and his advisers threatened here to recall the American delegation from the Geneva talks--in other words, to again break off a most important negotiating channel--if Congress refused the administration the appropriation of this sum.

On the other hand, high American politicians, including the President, secretary of state and secretary of defense, have hastened to make it frankly understood that whatever the policy of the Soviet Union, this will not deflect the United States from implementation of a single one of the gigantic arms buildup programs which it has adopted--both conventional and nuclear. In other words, Washington intends to continue the policy of accelerating the arms race under any circumstances, come what may.

In this case we cannot regard as anything other than as cheap camouflage the "linkage strategy" with which U.S. leaders are continuing to operate in the international arena, particularly within the Soviet-American dialogue framework. The entire provocative and long exposed "wisdom" of such actions amounts to making demands for unilateral concessions from the USSR which are unacceptable and compatible neither with its role in the world nor its interests and dignity. When, however, such demands are rejected--and they are based only on being rejected--the situation which arises is used for "hardening" American policy, the adding of new twists to the arms race spiral and various anti-Soviet and antisocialist diversions.

Such a policy is being manifested particularly graphically in Washington's approach to the most important problems of disarmament, on which Soviet-American negotiations are currently being conducted--both in respect of strategic arms and intermediate-range weapons in Europe. An agreement here is inconceivable other than on the basis of equal security and nondisruption of the approximate balance which has evolved.

Of course, international practice also knows of unilateral steps taken by a state in the way of good will and proceeding from a desire to set a positive example and relieve the tension. The Soviet Union's unilateral commitments concerning no first use of nuclear weapons, the imposition of a moratorium on the further deployment of Soviet intermediate-range missiles within the western regions of the USSR and the withdrawal of 1,000 tanks and the corresponding personnel with its armament from the GDR are just such measures.

But, naturally, to be successful unilateral measures need support and reciprocity. The fact that to date not one of such Soviet actions has received an adequate response from the Western side cannot be considered promising. In addition, the present American leadership has adopted this method with the sign reversed, as it were: it persistently advocates unilateral disarmament, but not its own but that of its negotiating partner. This and only this is the meaning of the promoted and paraded "zero" option model of a solution of the problem of intermediate-range missiles in Europe, according to which the West is to preserve such missiles (American forward basing and British and French missiles), while it is proposed that the Soviet Union liquidate them.

Such tactics can only be aimed at naive people. But the Soviet leaders are not among these. There are also increasingly few of them among various circles of the West and politicians and public figures and also of the so-called "silent majority," which the propaganda machine of the military-industrial complex and inveterate militarists have been accustomed to manipulating.

The so-called "secondary level" of world politics, which imperialist strategists have until now preferred either not to notice or ignore in this way or the other, also reveals itself in unusual strength and relief here. This is the multimillion-strong people's masses, which have emerged in the forefront of politics on an unprecedented scale to defend peace and champion the most important and decisive right of the man of our era--the right to life.

"The broadest people's masses of all continents and all countries, including West Europe, Japan and the United States itself," Yu.V. Andropov emphasizes, "are struggling for peace. This movement, which unites people of the most diverse social position and different beliefs, arose from a natural sense of self-preservation and the burning need of our time--to prevent a nuclear catastrophe. Only political fools or deliberate deceivers can declare the mass antiwar movement of our day the 'hand of Moscow' and the intrigues of the communists. Such a broad universal coalition as that which is today opposed to the nuclear threat is probably unprecedented in man's history." Even the most bellicose imperialist politicians are incapable today of adopting an ostrich posture in respect of the antiwar forces.

The peace policy being pursued by the USSR and its friends in the international arena is at the same time one of profound historical optimism. As its fundamental foundation, it is based on objective factors, the might and effectiveness of which are growing continuously. It is this which fills the peoples with confidence that, despite the intrigues of its imperialist gravediggers, the policy of detente not only is not receding into the past but is being firmly established anew in the present and will win the future. In our era peace can and must conquer and triumph for the good of all states and all peoples--large and small.

Such is a categorical imperative, such are the cherished aspirations of mankind.

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LACK OF U.S. RESPONSE TO SOVIET DISARMAMENT PROPOSALS CRITICIZED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1,
Jan 83 pp 12-21

[Article by Yu. Tomilin: "Curbing the Nuclear Threat--Priority Task"]

[Text]

I

The CPSU Central Committee November (1982) Plenum emphasized particularly that ensuring lasting peace and defense of the peoples' rights to independence and social progress constitute invariable goals of the Soviet Union's foreign policy and that in the struggle for these goals the leadership of the CPSU and the Soviet state will operate in a high-minded, consistent and considered manner. "We believe," Yu.V. Andropov, general secretary of the CPSU Central Committee, said in his speech at the plenum, "that the difficulties and tension which characterize today's international situation can and must be overcome. Man cannot be reconciled indefinitely to the arms race and wars if he does not wish to put his future at risk."

A paramount place in tackling the task of preventing a world war is occupied by the problem of removing the nuclear threat and curbing the nuclear arms race. This problem was the focus of the work of the UN General Assembly 37th Session. The main attention was also paid to it by the UN General Assembly Second Special Disarmament Session in New York in the summer of 1982. Various aspects of this problem are being examined in the Geneva Disarmament Committee. The antiwar movement, which has assumed unprecedented proportions recently, is demanding the removal of the nuclear threat.

The nuclear powers' renunciation of first use of nuclear weapons, a total and universal ban on tests thereof and a nuclear arms freeze are urgent measures which could contribute most effectively to the solution of the problem determining the fate of mankind and its very existence. Implementation of these measures would prepare favorable conditions for a radical solution of the nuclear problem--a gradual reduction in nuclear armaments, as far as their complete elimination.

In the present complex international situation particular urgency is attached to the new Soviet initiatives put forward at the UN General Assembly 37th Session--"An Immediate Halt to and the Prohibition of Nuclear Weapons Tests"

and "Multiplying Efforts To Remove the Threat of Nuclear War and Ensure the Safe Development of Nuclear Power". The main goal is to deflect the nuclear threat from the world and ensure security and the use of the atom for peaceful purposes.

The whole number of resolutions adopted by the session on the initiative of the socialist and nonaligned states also serves this task.

Making an emphatic spurt ahead in curbing the arms race--such is the goal of the draft resolution "Banning the Development and Production of New Types of Weapon of Mass Destruction and New Systems of Such Weapons" submitted by 27 socialist and nonaligned countries. The document proposes that the Geneva Disarmament Committee be requested to activate negotiations with the aid of experts for the preparation of a draft corresponding all-embracing agreement and also possible agreements pertaining to individual types of weapon of mass destruction. It is recommended that the UN General Assembly call on the permanent members of the Security Council and also other militarily important states to make--as a first step toward the conclusion of an all-embracing agreement--similar declarations concerning a renunciation of the creation of new types of weapon of mass destruction and new systems of such weapons.

Considering the importance of a limitation of and a halt to the qualitative improvement of arms, the Belorussian SSR delegation proposed on behalf of the 10 socialist community countries a draft resolution providing for a renunciation of the use of new discoveries and scientific-technical achievements for military purposes.

The draft resolution "Nonuse of Nuclear Weapons and Prevention of Nuclear War" submitted by the GDR and Cuba emphasizes that the declaration made by the Soviet Union on no first use of nuclear weapons is "an important step on the way to a diminution of the threat of nuclear war." On behalf of a group of socialist states the Bulgarian delegation submitted the proposal "Conclusion of an International Convention on Strengthening the Security of States Which Do Not Possess Nuclear Weapons and Against the Use or Threat of Nuclear Weapons".

A document approved by the General Assembly drawn up by the GDR and certain other socialist states is imbued with profound concern in connection with the continuation and expansion of the production of neutron weapons. The adopted resolution emphasizes the need for an immediate start to negotiations for the purpose of concluding a convention banning the production, stockpiling, deployment and use of nuclear neutron weapons and contains an appeal to the UN General Assembly for inclusion of the corresponding paragraph on the preliminary agenda of the next session.

Since the time of the appearance of atomic weapons questions of the limitation of nuclear arms and their reduction and liquidation have been central to the general set of disarmament problems. However, they have assumed unprecedented seriousness today. A manifest tilt toward greater reliance on force and its flagrant use has appeared in U.S. policy in the last 3-4 years. By way of the accelerated creation of increasingly sophisticated types of nuclear arms the

United States is endeavoring to secure for itself military superiority over the Soviet Union. The Pentagon plans, inter alia, in the current decade alone to increase by a factor of no less than 1.5 its strategic offensive forces' possibilities in the delivery of nuclear warheads in a single launch/flight. The accuracy of the delivery vehicles and the feature of surprise are being increased considerably. Attempts at the military use of space are being stepped up sharply.

At the end of November 1982 the U.S. Administration took a dangerous new step along the path of jacking up the strategic arms race and preparation for a nuclear war. President R. Reagan informed Congress of his decision to deploy 100 new MX intercontinental ballistic nuclear missiles, which the Pentagon regards as a "first-strike weapon" and which the President himself described in one of his speeches as a means of achieving the United States' "indisputable military superiority" over the USSR and as an instrument creating the prerequisites for ensuring victory for the United States in any, including nuclear, conflict. Implementation of the MX program--and Washington cannot help but know this--is contrary to a central provision of the SALT I and SALT II treaties: the undertaking not to create additional stationary launch installations for intercontinental missiles. Nor is there any doubt that such a step would not contribute to progress at the Soviet-American negotiations in Geneva.

In reply to questions of a TASS correspondent published on 7 December 1982, Marshal of the Soviet Union D.F. Ustinov, minister of defense of the USSR, emphasized as clearly as could be that "the planned deployment of MX missiles on U.S. territory and intermediate-range missiles in West Europe is Washington's program to do away with the military balance which now exists and achieve superiority over the USSR on a global and regional scale." "If the White House," D.F. Ustinov continued, "contrary to commonsense and flouting the will of the peoples to peace, challenges us and proceeds with the deployment of the MX missiles, a new ICBM of the same class and in no way inferior to the MX missile will be deployed in the Soviet Union in response."

In pursuing a militarist policy U.S. ruling circles are counterposing themselves to the entire international community inasmuch as they are attempting to achieve their goals at the expense of the security of others, to the detriment of the legitimate interests of their allies included. Washington's avowedly militarist, imperialist policy is being sharply criticized throughout the world and in the United States itself. The prominent U.S. politician, U.S. Democratic Senator E. Kennedy, for example, has termed it a policy of "nuclear adventurism".

The USSR counterposes to the policy of madness and blackmail a peace-loving line dictated by a profound awareness of its duty and responsibility for the preservation and consolidation of peace. In the atmosphere of nuclear threat, which has increased sharply as a result of the U.S. actions, exceptional significance is attached to the Soviet Union's commitment not to be the first to use nuclear weapons, which was proclaimed in L.I. Brezhnev's message to the UN General Assembly Second Special Disarmament Session and which took effect immediately, the moment it was made public from the high tribune of the United Nations, that is, on 15 June 1982. If the other nuclear powers were to assume

such a clear and precise commitment, this would in practice be tantamount to a banning of nuclear weapons altogether, which the overwhelming majority of countries advocates. In taking this step the Soviet Union proceeded from the incontrovertible fact that nuclear war, having begun, could signify the annihilation of human civilization and, perhaps, the end of life on earth itself.

Back in the fall of 1981 the UN General Assembly 36th Session adopted on the Soviet Union's initiative a resolution declaring first use of nuclear weapons the most heinous crime against mankind. Thus the USSR's decision was a logical continuation and development of its consistent foreign policy course and its military policy, which is based on a defensive doctrine. This act of Soviet diplomacy is not simply a declaration, as our country's enemies irresponsibly claim. It entails practical steps in the military sphere. USSR Defense Minister D.F. Ustinov, member of the CPSU Central Committee Politburo, gave the following explanation of the Soviet initiative in an article in PRAVDA on 12 July 1982: "This means that in the training of the armed forces even greater attention will now be paid to the tasks of preventing the growth of a military conflict into a nuclear conflict and that these tasks, in all their diversity, are becoming an indispensable part of our military activity. Every specialist in any way conversant with military issues understands that this erects an even tighter framework in the training of troops and staff, determination of the composition of the armaments and in the organization of even stricter monitoring ruling out the unsanctioned launch of nuclear weapons from tactical to strategic."

Justifying their refusal to follow the Soviet Union's example and undertake not to be the first to use nuclear weapons, the United States and its allies refer to some "superiority" of the Soviet Union and the other Warsaw Pact states in conventional arms and armed forces. The West clutches at every step here at individual indicators in terms of which the socialist countries many indeed have a certain preponderance and completely ignores the NATO countries' advantages in other indicators or in other types of conventional arms.

Thus the Atlantic headquarters speak of the Warsaw Pact's superiority in the number of divisions, citing figures on all actual divisions, but not on those that are combat-ready. At the same time it is well known that only combat-ready divisions can be used for military operations without additional mobilization measures. In Europe counterposed to the 89 combat-ready NATO divisions are 78 such Warsaw Pact divisions. Furthermore, it is essential to take account of the differences in the numerical composition of the NATO and Warsaw Pact divisions. The strength of an American division is 16,000-19,000 and of the West German more than 20,000 men, while a Warsaw Pact division has a maximum of 11,000 men. Thus if one makes an elementary arithmetical calculation, it becomes clear that NATO has almost twice as many combat-ready divisions as the Warsaw Pact.

As far as the total number of army divisions is concerned, the preponderance here really is on the side of the USSR. However, it is essential to take into consideration here the geographical and strategic position of the Soviet Union, which is forced to provide for its defense capability both in Europe and in Asia: the total length of the USSR's state border is approximately 67,000 kilometers, of which 20,000 kilometers are land.

Yet another method of Western propaganda consists of manipulating figures in connection with the number of tanks at the disposal of the NATO countries. The leaders of the United States and its partners count only the tanks which are under the jurisdiction of the joint command of the bloc's armed forces in Europe (allegedly less than 12,000 altogether). But in fact the armies of the NATO countries have more than 16,000 tanks. In addition, approximately 1,500 American tanks and 6,500 tanks of West European countries are concentrated at depots in Europe. As a result the North Atlantic bloc countries are only slightly inferior to the Warsaw Pact countries in the number of tanks (24,000 and 25,000 respectively). However, this small advantage is more than offset by the West's superiority in antitank weapons. As U.S. Secretary of Defense A. [sic] Schlesinger wrote in a report to Congress: "Modern antitank weapons deployed in sufficient numbers compensate for the Warsaw Pact's superiority in the number of tanks. In this connection we do not consider it necessary to have an equal number of tanks with the Soviet Union."

Further, the West's militarist circles are "sounding the alarm" in connection with the fact that the Warsaw Pact countries are outstripping NATO in tactical aircraft. However, they remain silent, as a rule, about the fact that the NATO side has superiority in helicopters and also bomb load.

On the eve of the opening of the UN General Assembly Second Special Disarmament Session the leaders of the NATO countries formulated at a session of the bloc's council in Bonn "a solemn collective commitment" worded thus: "None of our arms will ever be used other than in the course of a retaliatory strike." This maneuver was clearly thought up to counterbalance the proposal of the USSR and the Warsaw Pact states concerning the commitment not to be the first to use nuclear weapons. The attention is attracted primarily by the condition contained in the NATO formula--"other than in the course of a retaliatory strike". Surely no aggressor, even the most brazen, would begin aggression without having presented it as a "retaliatory strike." A recent example--Israel's piratical attack on Lebanon, which was presented as a "retaliatory strike" against the PLO.

Let us turn, finally, to the military-political doctrines of the present U.S. Administration. A prominent place among them is occupied by the so-called "disarming nuclear strike" concept, that is, a strike which the United States may inflict first on the other side allegedly to prevent some hypothetical attack against it. Consequently, this "disarming nuclear strike" is also, according to NATO concepts, "retaliatory". In other words, the above-mentioned formula advanced by the leaders of NATO states at their Bonn meeting in no way prevents aggression with any type of arms.

As we can see, the references to Warsaw Pact superiority in conventional armed forces and arms do not withstand criticism. Furthermore, it is worth recalling that the Western powers have rejected the Soviet proposal for the conclusion by all the states which participate in the All-European Conference of a treaty on no first use against one another both of nuclear and conventional arms. Further, the Soviet Union has presented an initiative on the signing of a world treaty on the nonuse of force in international relations which would provide for a renunciation of the use of armed forces using all kinds of weapons. Here, as distinct from the Bonn formula, the Soviet draft treaty leaves no loopholes which could serve as a cover for aggression. It says:

"No considerations may be used to justify the threat of force or its use in violation of the commitments ensuing from this treaty" (article 1, clause 3).

II

In the general set of measures to prevent a nuclear catastrophe an important place is occupied by the task of a complete and general halt to nuclear weapons tests.

As is known, test explosions are conducted for the purpose of honing existing types of nuclear weapons, verifying the effectiveness of stockpiles thereof and ascertaining the combat effect of new models thereof. As a result of the explosions data necessary for the creation of new types of nuclear weapon are obtained also. For this reason a halt to tests thereof would limit to a considerable extent both the qualitative and quantitative buildup of nuclear arsenals and would be an important measure for reducing the nuclear threat. Such a step would strengthen the practice of nonproliferation inasmuch as it would deprive the nonnuclear states endeavoring to possess nuclear weapons of the opportunity of conducting tests, which serve as an essential component in the process of their creation. It should also be noted that such tests cause contamination of man's environment with radioactive fallout.

The Moscow Treaty Banning Nuclear Weapons Tests in the Atmosphere, Space and Under Water, which was concluded in 1963, was an important measure in nuclear arms limitation. The treaty erected a certain barrier in the way of the further improvement of nuclear weapons, particularly their most powerful types, which are usually tested in the atmosphere. It limited the opportunities of the nonnuclear states subscribing to the treaty in respect of the creation of nuclear explosive devices and also contributed to a halt to the contamination of the atmosphere and the entire environment with dangerous radioactive substances.

However, the Moscow Treaty practically left outside of the framework of the ban underground nuclear tests. In accordance with article 1, all explosions are prohibited if they cause "radioactive fallout beyond the territorial borders of the state under whose jurisdiction or control such an explosion is conducted." This means that only an extremely negligible number of underground nuclear explosions is banned. As a rule, the latter do not entail radioactive fallout on the earth's surface and, even less, beyond the confines of the state conducting them.

Two nuclear powers--China and France--do not subscribe to this treaty. The need for the conclusion of an agreement which would ban all nuclear weapons tests by all states is for this reason perfectly understandable. More than 40 resolutions have been passed by the UN General Assembly with the demand for a halt to such tests. The question of their prohibition has been examined in the Disarmament Committee since the first day of its activity in 1962 and since 1968 it has invariably occupied the main place on its agenda.

For the first time since the conclusion of the Moscow Treaty the prospects of a solution of the problem were discerned in 1974: the Treaty Limiting

Underground Nuclear Weapons Tests was signed between the USSR and the United States; according to this, the parties undertook, as of 31 March 1976, to prohibit, to prevent and not to carry out any underground tests of nuclear weapons with a yield of more than 150 kilotons anywhere under their jurisdiction and control. In addition, they reached an accord on limiting underground tests which remain outside of the ban to a minimum number. Finally, the USSR and the United States agreed to continue negotiations in order to fully solve the problem of preventing all underground tests. The treaty contains an article providing for the conclusion of a special agreement which would regulate peaceful nuclear explosions. This agreement was signed by the top leaders of the USSR and the United States in 1976. However, through the fault of the United States neither the treaty nor the agreement have yet been ratified.

In September 1975 the Soviet Union submitted for the General Assembly's examination a draft treaty on a total and general ban on nuclear weapons tests and proposed negotiations on concordance thereon. But the Western nuclear powers blocked the USSR's proposal, thus frustrating the start of negotiations. As a pretext Washington and London used the issue of surveillance, asserting that without obligatory on-site verification it is impossible to distinguish between seismic phenomena of natural origin (earthquakes) and seismic phenomena caused by underground nuclear explosions and that, consequently, states' observance of their commitments in respect of the banning of nuclear weapons tests could not be monitored.

Continuing the search for mutually acceptable accords, in September 1976 the Soviet Union proposed, as a compromise, solution of the surveillance problem on the basis of "a voluntary framework in the adoption of a decision on on-site ascertainment of the corresponding circumstances and at the same time all parties to the treaty would have confidence that the commitments would be fulfilled." In accordance with this, on 22 November 1976 the Soviet Union submitted at the UN General Assembly session a supplement to the article on surveillance contained in the draft treaty which it had presented earlier.

The flexibility and constructive nature of the Soviet position and the constant efforts which the USSR has made along appropriate international organization lines were supported by the overwhelming majority of the participants therein and played an important part in the preparation and start of negotiations on banning nuclear weapons tests. The United States was forced to finally consent to negotiations on the formulation of a treaty.

Such negotiations between the USSR and the United States began in the summer of 1977. They were joined shortly after by Great Britain also. In the course of the negotiations it had been possible to agree by 1980 on the text of a future treaty. Only a few technical questions remained open. The Western press, American included, predicted that the signing of the treaty was near. However, the United States unilaterally suspended the negotiations.

Shortly after its assumption of office the R. Reagan administration declared that before determining its approach it had to "carefully study the problem" This lasted over a year. Finally, the White House announced that it believes

the conclusion of a treaty completely prohibiting nuclear weapons tests "inopportune" and that the question of testing can be settled only in connection with a reduction in nuclear arsenals. At the same time, however, the United States rejected the Soviet Union's proposal for a halt to the production of nuclear weapons and a reduction in the stockpiles thereof, as far as their complete liquidation. Thus whereas earlier Washington impeded the negotiations on banning nuclear weapons tests with reference to the manifestly exaggerated monitoring difficulties, the no less artificial linkage with nuclear disarmament has now been added to them, which has blocked further progress.

In the summer of 1982 the U.S. President's order on the nonresumption of the Soviet-American-British negotiations on the total and general prohibition of nuclear weapons which he had suspended became known. Another decision of the U.S. Administration was made public in parallel with this--nonratification of the Soviet-American treaties limiting underground nuclear weapons tests and on underground nuclear explosions for peaceful purposes, which were signed in 1974 and 1976.

Washington's actions were an open challenge to all states and peoples struggling to prevent nuclear war and strengthen peace and international security. Furthermore, the United States' rejection of negotiations on prohibiting nuclear weapons tests is contrary to the provisions of the Moscow Treaty, which proclaimed the resolve to continue negotiations for the purpose of ending for all time all test explosions of nuclear weapons, and also the Nuclear Nonproliferation Treaty, which stipulates the commitment of the parties (the United States included) to conduct negotiations on effective measures to halt the nuclear arms race in the immediate future (article 6).

Undoubtedly, behind the said actions of the White House is the intention to continue a wide-ranging program of nuclear weapons tests without a limit on the yield of the warheads being tested. This was candidly acknowledged by E. Rostow, director of the U.S Arms Control and Disarmament Agency, in his speech on 13 May 1982 in the Senate Foreign Relations Committee: "Considering... the need to create new weapons systems and their modernization... we will for a long time yet have to conduct tests and possibly, what is more, tests even of weapons whose yield exceeds the established 150-kiloton limit."

It may be added to this that nuclear weapons tests, which check out the combat readiness and reliability of the nuclear stockpiles, are of particular significance for the creation of weapons designed for a nuclear first strike. Whatever such a strike may be called--"disarming," "precautionary," "preventive" and so forth--the essence remains the same: it is a question of the use of nuclear weapons for aggressive purposes. Attention has been drawn to this aspect in the American scientific press also. Thus an article by T. Caldwell in the BULLETIN OF SCIENTISTS journal observed: "Leaders of states intending to attack first should have absolute confidence in the reliability of their weapons."

According to data adduced in the American press, the United States is noticeably increasing the number of nuclear weapons tests which it is conducting. For example, in the first 6 months of 1982 there were 1.5 times more test explosions at the American test range in Nevada than in the same period of 1981!

There is a corresponding growth in the appropriations for these purposes. The U.S. Department of Energy (from whose budget such measures are financed) requested for 1983 for nuclear weapons tests twice as much as was spent for the same purposes in 1980.

Washington's inconsistency and "zigzags" in the question of testing has been sharply criticized in the Disarmament Committee, at the General Assembly Second Special Disarmament Session and at other international fora. Even the delegations of a number of countries allied with the United States not only have not approved Washington's position but also, as was the case at the Second Special Session, manifestly attempted to dissociate themselves from it, emphasizing their adherence to the idea of a ban on nuclear weapons tests and the independent significance of this measure. This was stated by, inter alia, then FRG Chancellor H. Schmidt, Canadian Prime Minister P. Trudeau and a number of other Western leaders.

In the Geneva Disarmament Committee the United States was forced to consent to the formation of a working group on the question of nuclear tests. The point is that such groups are usually set up in the committee for conducting negotiations for the purpose of drawing up the text of some draft agreement or other. The American representatives, however, attempted to confine the group's tasks to a study of monitoring questions which "could arise in the future." The calculation was manifestly that the Soviet Union, which is calling for the speediest conclusion of a treaty on the total and general prohibition of nuclear weapons tests, would block the creation of a group with such a vague mandate and that it would incur responsibility for the deadlock.

This method, however, was unsuccessful. The working group was formed. The Soviet delegation declared here that in the course of the work each delegation has the right to broach any aspect of the total and general prohibition of nuclear weapons tests and also emphasized that the discussion of questions of surveillance should not be used to delay the formulation of an agreement as a whole.

The group's work during the committee's summer (1982) session afforded an opportunity for exposing the negativist approach of the R. Reagan administration, which is frustrating the adoption of any measures in the arms limitation sphere.

III

The new Soviet initiative "An Immediate Halt to and Prohibition of Nuclear Weapons Tests," which was proposed for examination by the UN General Assembly 37th Session, is designed to accelerate the elaboration and signing of a treaty on the total and general prohibition of nuclear weapons tests and put the negotiations on this question in the Disarmament Committee on a practical footing. The Soviet Union has presented the Assembly with the detailed "Basic Provisions of a Treaty on the Total and General Prohibition of Nuclear Weapons Tests". This document also takes account of the considerations and wishes expressed by many states, on questions of surveillance included.

The Soviet proposal provides for the prohibition of all test explosions of nuclear weapons in any sphere--the atmosphere and beyond, including space, underwater and underground. As far as peaceful nuclear explosions are

concerned, the question of which should be examined immediately after the treaty has come into force, a moratorium on them should be declared right up until agreement on the procedure thereof. The treaty proposed by the Soviet Union would take effect following the depositing of instruments of ratification by 20 countries, including the governments of all the permanent Security Council members, that is, all the nuclear states. It is specified here that the participating states could agree on the validation of the treaty for a limited agreed period with the participation of three permanent Security Council members also--the USSR, United States and Britain.

The Soviet draft pays great attention to questions of monitoring observance of the treaty. The proposed verification system is based on a combination of national-technical monitoring facilities and international means such as consultations and cooperation, the exchange of seismic data between the parties to the treaty and use of the procedure of the submittal of complaints to the Security Council. Finally, the possibility of on-site inspections on a voluntary basis is provided for also. In accordance with the Soviet proposal, it is assumed that any two or more participating states could, in view of special interest or special circumstances, with mutual consent, come to an arrangement concerning additional measures facilitating the monitoring of observance of the treaty.

For the purpose of the creation of more favorable conditions for the formulation of a treaty on the total and general prohibition of nuclear weapons tests the Soviet Union proposed at the UN General Assembly 37th Session that states possessing nuclear weapons declare a moratorium on all nuclear explosions, peaceful included, as of a date to be agreed between them. Such a moratorium would remain in effect until the conclusion of the treaty itself.

Presenting the draft basic provisions of the treaty, Foreign Minister A.A. Gromyko, member of the CPSU Central Committee Politburo, highlighted two essential aspects: "First, the Soviet Union is ready any day to ratify--on a mutual basis--the treaties limiting underground nuclear weapons tests and on nuclear explosions for peaceful purposes which have been concluded with the United States. Second, we advocate resumption of the tripartite negotiations between the USSR, United States and Britain."

The new Soviet initiative was greeted with great interest by the participants in the session. As the results of a vote in the UN General Assembly First Committee on 24 November showed, an absolute majority of states supported the Soviet initiative, which paves the way for the prevention of nuclear catastrophe. Some 98 countries voted for the draft resolution "An Immediate Halt to and Prohibition of Nuclear Weapons Tests" proposed by the Soviet Union. Only the United States, Britain, France and China opposed this constructive measure. The resolution contains an appeal to all states possessing nuclear weapons "not to conduct, by way of a display of good will and for the creation of the conditions most conducive to the formulation of a treaty on the total and general prohibition of nuclear weapons tests, as of a date agreed between them and until the conclusion of the said treaty, any nuclear explosions, making the appropriate declarations on this score in good time."

Another proposal put forward by the Soviet Union at the 37th Session-- "Multiplying Efforts To Remove the Threat of Nuclear War and Ensure the Safe Development of Nuclear Power"--is also in the plane of the struggle for a lessening of the nuclear danger. The Soviet Union proposed that the General Assembly declare the destruction of peaceful nuclear facilities with the use of conventional weapons tantamount to an attack on them with nuclear weapons. Such acts would thereby be put on the same footing as the actions which the United Nations has already categorized as a most heinous crime against mankind.

The particular importance of the Soviet Union's formulation of this question is determined by the fact that the accelerated development of nuclear power engineering is under way and an increasingly large number of nonmilitary nuclear facilities, primarily power-engineering, is being created in a number of countries. This process is inevitable and is caused by man's growing need for energy sources. At the same time the danger of the deliberate destruction--even with conventional weapons--of nuclear power stations and research reactors and other such installations (it is fitting to recall here Israel's barbaric action against Iraq) cannot be ignored. Such actions could entail the discharge and dispersion of a huge quantity of radioactive substances, which would lead to fatal consequences for the population commensurate with the damage from nuclear explosions. According to specialists' calculations, the consequences of the destruction of a large nuclear power station are comparable to the radioactive contamination which could occur as a result of the explosion of a 1 megaton nuclear bomb. For this reason the need to ensure the safe development of nuclear power engineering is inseparably connected with the task of preventing the unleashing of nuclear war.

The Soviet ideas and initiatives are an organic continuation and development of the consistent efforts being made by the Soviet Union for realization of the Peace Program for the 1980's approved by the 26th CPSU Congress. They serve as incontrovertible evidence that all the Soviet Union's actions in the international arena are inspired by a profound belief in the need for and possibility of the salvation of present and future generations from the disasters of war.

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8850

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CATEGORIZATION OF STATES SIMPLY AS RICH OR POOR CRITICIZED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1,
Jan 83 pp 22-31

[I. Ivanov article: "The Concept of 'Poor' and 'Rich' Countries: Sources, Essence, Thrust"; capitalized words in boldface in original]

[Text] Such concepts as "poor" and "rich" countries have been encountered quite frequently in the press and the lexicon of international conferences recently. These provisional terms originally arose as purely journalistic cliches. However, attempts are now being made to elevate them (as, equally, the "rich North-poor South" equivalents of these terms) to the level of some universal criterion of the division of the world and key concepts of a systems theory of international relations, within whose framework the "poor" countries' "opposition" to the "rich" is presented as the basic contradiction of the modern era.

For Marxist scholars ownership relations have always been fundamental in the sphere of social, including interstate, relations. It is these relations which predetermine the division of the modern world into two opposite socioeconomic systems, to which, as to poles, the countries which are as yet at the transitional stage of their social development and choosing their paths are bound in the process of differentiation. However, Marxism takes as the criterion here not the comparative SIZE but the RELATIONS OF OWNERSHIP and the mode of production, the exponents of which are not STATES in themselves but the ruling CLASSES therein.

While holding to this viewpoint and championing it Marxism-Leninism at the same time has never overlooked any other theories interpreting questions of ownership or based on them and has made its evaluation of them. The "poor" and "rich" countries theory is also obviously in need of such an evaluation since it is now being presented as a version of a kind of ideological-political platform for the national liberation movement.

I

"All theories are sound," V.I. Lenin wrote, "IF they correspond to objective reality,"¹ that is, are capable of adequately explaining the world and

indicating the paths of changes therein. However, the concept of "poor" and "rich" countries reveals its flaws even in this, its first cognitive-analytical function.

Indeed, its adherents take as the basis not the CLASS but primarily the STATE-NATIONAL criterion of an evaluation and distribution of wealth, after which its main yardstick proves to be only the average statistical per capita GNP. Effecting a convincing demarcation of the world, even bipolar, on this basis is practically impossible since then, for example, the first 15 "rich" countries (and, presumably, the main political antipodes of the "poor") are, according to UN statistics, the United Arab Emirates (\$19,380), Qatar (\$14,856), Kuwait (\$13,202), Brunei (\$11,866), Switzerland (\$13,338), Denmark (\$11,183), Sweden (\$10,956), the FRG (\$10,430), Norway (\$10,034), Belgium (\$9,825), the United States (\$9,756), Bermuda (\$8,621), Canada (\$8,701), Samoa (\$8,000) and Libya (\$7,267).² It is not difficult to see that this list, first, includes alternately developing and developed capitalist countries, that is, it does not have its own sociopolitical character even from the standpoints of the above-mentioned theory, and, what is most important, the absolute majority of the former metropolitan centers to which the emergent states' just demands are primarily addressed remains beyond its range.

Nor is it possible to outline in this way certain indicators of the community of the developing world as a basis for its unity of action. At the end of the 1970's 60 "poor" countries, of which this world presumably is to consist, had a per capita GNP of over \$1,000, 41 from \$500 to \$1,000 and 56 less than \$500. In 32 countries here this level was above the average world level and in 6 was the median level for developed capitalist countries, and, the reverse, 31 countries with an average per capita GNP of \$187 were put by the United Nations in the least-developed category. The paradoxes of the shift of the problem of wealth and poverty from the social to the abstract-statistical plane do not end here. Thus 18 oil-exporting countries, which are indisputably considered relatively "rich" among their "poor" brothers (\$1,270), prove to be, with this approach, poorer than the 6 countries which are the principal exporters of finished products (\$1,749), although it is these latter which account for the bulk of the increased "oil bill". Finally, the United Nations distinguishes from the total mass of developing countries a further 45 states (\$227) which suffered the most from the crisis of the 1970's. As a result these entire motley statistics are useful rather for illustrating the processes of the DIFFERENTIATION of the emergent countries, but by no means that which is common which connects them today.

Such overlapping of "wealth" and "poverty" instead of their delineation is methodologically easily explicable. It is rooted in the fact that the above-mentioned national-state criterion may at best reflect the influence on the hierarchy of income of INTERNATIONAL PRODUCTION RELATIONS, which K. Marx specially characterized merely as "SECONDARY AND TERTIARY and altogether DERIVATIVE, TRANSFERRED nonprimary production relations,"³ but excludes from the analysis the PRIMARY relations, that is, the production relations of the classes. Yet substitution in social statistics and in real life of the precise basis concept of "class" with the superstructural category of "country" engenders extremely far-reaching consequences for the second and most important--practical--function of this theory and its claims to the role of compass in the movement for which it is proposed.

II

To begin with the fact that such a substitution cancels out the basic contradiction of capitalism and the final revolutionary goals of the working people's movement. When national-state interests are put in place of class interests, the class struggle, according to the logic of the theory, should in general recede to a secondary position and yield its place to a kind of "national consensus" of all strata of the population in the name of success in interstate competition. Accordingly, there is a denial of the need for internal revolutionary transformations of the social system of certain countries since what is considered of most importance for the movement is its national-state outer covering, and the world revolutionary process itself is reduced to a struggle for the right to remain in the camp of the "rich" or, on the contrary, pull out from the category of "poor" countries. In short, the fundamental appeal for the liberation of labor is essentially (for the umpteenth time) replaced by the "enrich yourselves" slogan.

The history of both the workers and national liberation movements provides sufficient examples of national isolation disrupting a common international action front, counterposing certain of their detachments to one another and becoming a nutrient medium for national egoism, chauvinism, militarism, bellicose religious-ethnic ideology and international conflict. Only the ruling, exploiter classes derive any benefits here. Italian imperialism for example, made much noise (for the purpose of justifying aggressive endeavors) about its "poverty". "The cause of the bourgeoisie," V.I. Lenin wrote about this tactic, "is fighting for privileges and advantages for its national capital and cheating... the common people."⁴ For this reason it is not fortuitous that the slogans of diluting the progressive forces "in terms of national apartments" have been subjected by Marxists to fundamental comprehensive criticism since the founding of the I International.

Under current conditions in the DEVELOPED capitalist countries this nationally isolated approach to the question of wealth and its, essentially, fetishization is directly associated with the state-monopoly approach. "National consensus in the name of the preservation of and increase in this fetish is already leading here to the artificial counterposing of the interests of the working people and the needs and requirements of the developing countries, to the increased exploitation of the working class in the name of success in interimperialist competition and the penetration in the workers movement of the ideological metastases of the military-industrial complex. Graphic examples of this are provided if only by the opportunist activity of the AFL-CIO in the United States.

In addition, the attention of the workers movement here is distracted from the cardinal class question: how is this available "wealth" distributed within the country? Yet even a cursory analysis shows that the "rich," in the classification of this concept, countries are in fact polarized in a property respect and that blatant wealth and unconcealed poverty are lodged within the framework of a single national-state outer covering here.

For example, in the United States the proportion of the population living below the official poverty line increased from 12 percent in 1972 to 15 percent

in 1981, and 30 percent of negroes, 40 percent of families with children under 18 years of age and 50 percent of families headed by women lived under these conditions. In addition, R. Reagan's recent tax reform (again presented as a "patriotic measure") involves additional income of \$15,000 per annum for persons with an income of \$80,000 and more and a loss of \$240 per annum for persons with an income of \$10,000 and less.⁵ In the FRG only 1.7 percent own 70 percent of the country's production capital. Only 1 percent of Britain's population owns 24 percent of personal wealth (as much as the "lower" 90 percent of the population) and 2 percent own 70 percent of all shares and 65 percent of all land. In France the "upper" 10 percent of families receive a nine times higher income than the "lower" 10 percent. The "lower" 20 percent of Japanese families have less than half as much income as the average for the country, while the "upper" 20 percent have twice as much. In Italy the "upper" 10 percent of families control 27 percent of the national income, whereas the "lower" 10 percent control only 2 percent. The same proportion of income as the "lower" 40 percent of the population is obtained by 2.5 percent of families of Holland and 5 percent in Sweden and Norway. In Spain 1 percent of families receives 22 percent of national income (or as much as the "lower" half of the country's families) and the "upper" 10 percent of families of Denmark receive 55 percent of the income, while the "lower" 90 percent receive only 45 percent. In Australia 0.1 percent of the population owns 39 percent of public property, in Switzerland 3.3 percent and 35 percent respectively and so forth.⁶

Such is the social panorama of the "rich" countries, if looked at from a class viewpoint. It is clear that the working people here can hardly "enrich themselves," despite the overall level of development and economic growth. "National wealth" in these countries is, entirely in accordance with K. Marx's well-known evaluation, "by its very nature identical with public poverty,"⁷ not to mention unemployment, which K. Marx also defined as "a product of the accumulation or development of wealth on a capitalist basis."⁸ It is for this reason that such a development model, contrary to the wish of the authors of the theory in question, cannot be a reference point for the emergent countries, as the camp of their enemies cannot be outlined here merely by state borders.

Things are somewhat more complex concerning the "national unity" slogan in the developing countries. In the majority of cases here it did actually occur in the course of national liberation revolutions. In the transitional-type economy, given the developing countries' unequal position in the world capitalist economy, it could also group around itself comparatively vast strata of the population. However, in this case the "poor" countries theory in its national-state arrangement looks here rather to the past than to the future of this movement, although being intended for it primarily. Nor can "poverty" in the developing world be measured merely as an abstract-statistical all-national aggregate indicator for it conceals even more striking dimensions of social inequality than in the developed capitalist countries with their precisely polarized class structure even.

Thus the "upper" 5 percent of families appropriate 33 percent of the GNP in El Salvador, 34 percent in Sierra Leone, 36 percent in Bolivia and Senegal, 40 percent in Colombia, 48 percent in Peru, 50 percent in Honduras and so forth. In these same countries the "lower" 40 percent have 12 percent,

10 percent, 13 percent, 10 percent, 7 percent, 9 percent and 7 percent of the income respectively.⁹ A general and rapid process of the decomposition of the traditional social structures with the separation of the local bourgeoisie or "prebourgeoisie" (which forms a bloc with the class-bureaucratic elite) and the transition of the absolute majority of the patriarchal population affected by these transformations to the ranks of the modern Lumpenproletariat is occurring behind the facade of "national-state singularities". It is obvious here that proportionate to this decomposition and polarization the interests of the ruling groups and remaining exploited strata of the national states even in the foreign economic sphere preserve increasingly few common elements for neither independence in itself nor the economic growth that has been achieved in the developing countries where capitalist relations have been established have led to a radical improvement in the position of the working people, for whom there has merely been a change (and even this not always) in their exploiters. Indeed, the increase in national income here settles more than anywhere else in the hands of the ruling elite, and, furthermore, the comparatively richer a given country's or territory's resources or the more rapidly it develops, the more and not less this striking polarization becomes.

For example, in South Korea, which many experts put among the "new industrial countries," the "upper" 20 percent of families appropriated in 1970 some 45 percent and in 1976 some 45.5 percent of GNP, whereas the "lower" 40 percent appropriated 18 percent and 16.9 percent. On Taiwan these proportions from 1960 through 1972 changed from 61.5 percent to 66.6 percent and 12.5 and 7 percent respectively. The same also applies to many oil-exporting countries.¹⁰ In the estimation of the well-known Argentine economist R. (Prebisch), income in the capitalist-oriented developing countries is redistributed at best between the elite and middle, intermediate strata of the population.¹¹

Such is a social microscopic section of the societies of "poor" countries, which thus appear by no means as something socially homogeneous but incorporate all classes and strata--from the minimonopoly bourgeoisie which has already arisen in places through the Lumpenproletariat and patriarchal communities. It is clear that under these specific conditions the "enrich yourselves" slogan, even in its foreign economic formulation, many as such suit only the national bourgeoisie. But even it in this case will be driven by no means by national and all-state interests but primarily by its own egoism and "envy and thirst for leveling"¹² with the haute capital of the former metropolis. A convincing example of this is provided by the policy of a number of oil-exporting countries with bourgeois-theocratic regimes. Having increased total surplus petrodollar assets from \$19 billion in 1978 to \$100 billion in 1980, they placed a considerable proportion of them not at home and not in other developing countries but in Western banks, consenting thereby to a union and merger with international finance capital. Thus of the 50 leading Arab banks, 12 have their headquarters in foreign states, and, in turn, 60 of the West's leading banks own sizable stock portfolios in them.¹³

Thus the local bourgeoisie, even while acting as the "leader" of the nation or, more precisely, holding political power therein, is increasingly proving incapable of ensuring the genuine and universal development of its national states and completing their economic decolonization and acts more and more in the "North-South" dialogue (which in the eyes of the authors of the theory

appears as the principal field of struggle of the enslaved, oppressed and exploited peoples against foreign oppression and exploitation) from its own narrow-class positions and less and less from national positions.

In the light of what has been said the proposition of the division of the world into "rich" and "poor" nations by no means appears as a reflection of actual reality and some progressive approach pointing the way to the elimination of inequality and injustice in international relations and the solution of world crises and problems in the interests of the peoples. "After all, it is not along meridians and parallels that the borders of wealth and poverty run today," USSR Foreign Minister A.A. Gromyko emphasized, addressing the UN General Assembly 32d Session. "This depends on how, by whom and to what purpose the natural resources of each country are used and on a broad set of economic, social and political factors."¹⁴ In other words, in its modern formulation this proposition practically denies the need for the growth of national liberation revolutions into national-democratic and socialist revolutions and the transition of the emergent countries to the path of a socialist orientation.

III

The bipolar demarcation of the modern world in terms of national wealth is further distinguished, besides the demonstrated objective groundlessness, by the fact that it does not in practice raise the fundamental question of the qualitative and social status of this wealth and how specifically it has been gained. As a result without any justification both imperialist and socialist states are mechanically included in the "rich North" category, account not being taken of the fundamental differences in their socioeconomic systems and nature and character of their mutual relations with the emergent countries.

It is not difficult to see that at least three fundamentally important circumstances are canceled out here. First, this artificially constricts the bounds of the socialist system merely to the limits of the zone of its industrially developed states, although in fact it is a world system and also incorporates, in the socialist community included, a number of former colonial and dependent states, and a further group of such states has now opted for a socialist orientation and the path of socialist development. According to the logic of the authors of the theory, these two groups of states must, obviously, stand in the dialogue of "poor" and "rich" nations on different sides of the barricades, which is quite absurd for then they also would have to be divided into exploiters and exploited.

Second, the fact that the entire wealth of the socialist society has been created by the labor and only by the labor of its peoples, whereas according to the logic of the mechanical inclusion of the socialist countries in the "rich North," it should also have been accumulated thanks to the exploitation of the "poor" nations, is glossed over.

Third and finally, such a division of the modern world conceals the fact that there now exist in it not only two systems of ownership but also two opposite types of mutual relations with the developing states. This is indicated sufficiently convincingly by the very policy pursued by the socialist states

in questions of trade and development, which is in this sphere the complete opposite of the policy of the imperialist powers, in respect of such a most important initiative of the developing countries as the "new international economic order" program included.

It is well known that in recent years Western diplomacy has been doing everything to emasculate the basic provisions of this program, and it is most recently, furthermore, that its position has become the most rigid, under the influence of the "hardline" policy of the R. Reagan administration. For example, M. Rashish, U.S. undersecretary of state for economic affairs, made it directly understood in an interview with the NEW YORK TIMES that the United States is endeavoring to prevent the formulation of standards of equal trade-economic relations between the industrially developed states and the developing countries. On the pretext of a crisis in the markets of the United States, West Europe and Japan protectionist barriers are being erected against exports of the young states and the interest rates are being inflated for credit, in which the privileged part is being reduced. Approximately 280 nontariff barriers alone have been erected in this sphere, average interest rate on credit increased from 4 percent to more than 10 percent from 1965 through 1982, the term of repayment has been shortened from 20 years to 14 years and the privileged part of credit has been reduced from 40 percent to 7 percent. "We should lose no more time," former U.S. Secretary of State A. Haig snapped in response to the demands of the young states at the General Assembly 36th session, "on fruitless work and unrealistic demands."

Of course, our concept of the nature of the reorganization of international economic relations is also different from that presented in the "new international economic order" concept. From the standpoints of its class and historical experience socialist diplomacy draws the attention of the authors of this program to the inconsistency and contradictoriness of a number of its provisions, including the insufficient linkage of the processes of development and detente, the lack of backup for the foreign economic reforms with internal transformations and the limitation of the demands of the program merely to the developing countries' interests proper, whereas all the flows of world trade in which discrimination, diktat and so forth are preserved are in need of reorganization. However, the Soviet Union, a special Soviet Government statement on the reorganization of international economic relations pointed out, "adopts an understanding attitude toward this broad program of measures reflecting the urgent and long-term interests of the developing countries and supports its fundamental thrust."¹⁵

The position of the socialist countries also on specific aspects of the new international economic order has been formulated as a constructive and allied one, as distinct from the obstructionist Western position. Thus the socialist countries advocate unconditional recognition of the developing states' sovereignty over their resources and economic activity, whereas the West advocates an infringement thereof in the interests of the international monopolies. In the sphere of raw materials trade the socialist community is ready to conduct negotiations on a normalization of markets in all basic commodities of interest to the young states, whereas the Western countries are prepared for this merely in respect of individual, selective commodities, mainly those in respect of which the transnational corporations have lost control over

price-forming. In the trade in finished products the consistent growth of imports from the young states to the CEMA countries is counterposed to the protectionist policy of the West, while back in 1965 the USSR canceled all dues on such imports. To the Western corporations' practice of enticing specialists of the developing countries the socialist countries counterpose their extensive training, which has already been extended to approximately 1.25 million persons. As far as our participation in rendering the emergent states assistance in surmounting their economic backwardness is concerned, the Soviet Union does not less but more than any developed capitalist country. In the sphere of rendering technical assistance the volume thereof in the USSR alone increased in the 10th Five-Year Plan by a factor of more than 1.7 with the practical preservation of the degree of favorable terms, as distinct from the decline therein in the share of government resources and the tightening of the conditions of their transfer from the capitalist to the developing countries. Finally, meeting the wishes of the developing countries half-way, back in 1980 the socialist states consented in principle to the participation in "global negotiation" in the United Nations on the basic problems of the "new international economic order". At the meeting in Cancun in October 1981 the West promised to do the same. However, according to U.S. Assistant Secretary of State R. Hormats, "what kind of negotiations these should be and what their mandate and procedure--none of this is yet clear,"¹⁶ and, besides, voices are being heard in the West advocating that these negotiations be held outside of the UN framework.

It was precisely with the support of the socialist countries that the developing states achieved most significant UN decisions on their problems--the Charter of States' Economic Rights and Duties, a series of anticolonial resolutions, the condemnation of the apartheid regime, the Collection of Principles of Economic Relations and, finally, approval of the "new international economic order" program itself. Characterizing the USSR's foreign policy course, Yu.V. Andropov, general secretary of the CPSU Central Committee, emphasized that "solidarity with states liberated from national oppression and defending their independence was and remains a fundamental principle of Soviet foreign policy."¹⁷

The absurdity of the identification of the fundamentally different socialist and imperialist policies in the sphere of trade and development is now frankly acknowledged by many authoritative scholars and politicians of both the developing countries and the Western countries themselves. Thus contrasting technical assistance to the developing countries on the part of the East and on the part of the West, the Brandt Commission report, which has received extensive publicity, noted specially that the assistance of the socialist countries goes on development of the public sector and also the sectors of industry which are insufficiently financed from other sources and is paid back, furthermore, not in foreign currency, which is in short supply, but supplies of national commodities. "East Europe may frequently propose (to the developing countries--I.I.) long-term trade agreements," the authors of the report continue, "and its support has often ensured their emergence from no-alternative dependence, both military and industrial, on the Western powers."¹⁸ While the entire rhetoric of the Western powers on development issues has been of "little more than symbolic significance"¹⁹ for the young states, many of them "have achieved certain successes in this respect to a large extent thanks to the assistance of the Soviet Union and other socialist countries." Indian

professor K. Dutta pointed out. "Without this assistance India, which has the potential conditions for economic development, would not have reached the present frontiers in economic progress."²⁰ Finally, the American economist R. Hansen specially stipulates in his book "Beyond the North-South Stalemate" that the term "North" therein is employed to denote consisely the totality of "industrial noncommunist countries".²¹

However, in the modern world other voices can also be heard.

IV

It is more or less explicable when attempts at an enlarged and politicized interpretation of the "wealth" and "poverty" of states emanate from the developing countries with their transitional, multiple-production-mode structure, which inevitably engenders the amorphousness and variance of ideology, the more so in that these concepts do not as a whole there go beyond the confines of the spontaneous slogans of their collective economic diplomacy. However, it is extremely significant that appeals for the elevation of these geographical concepts to the level of world development categories are now coming not so much from the "poor" countries themselves as from other sources, including the camp of bourgeois political economy and political science and the headquarters of the transnational corporations even.

The American political scientist H. Rowan sees the axis of all international political life precisely in the "hostile opposition" of these countries.²² B. Ward directly includes the "bloc of socialist countries" in the "rich North".²³ "The future challenge to mankind," A. van Damm, director of the Dutch SPS International transnational corporation, emphasizes, "is no longer the confrontation between East and West but between North and South."²⁴

Nor is the part of the concept in question which hypertrophies national-state criteria of the demarcation of the world to the detriment of class criteria forgotten. A supporter proves to be J. Kirkpatrick, U.S. permanent representative in the United Nations, who sees the class struggle currently precisely in the form of a movement of "a multitude of poor countries against some rich countries". This alone puts one on one's ideological guard and forces one to ponder, as V.I. Lenin taught, *cui bono*. After all, appeals are even being heard inviting the socialist countries into a single camp with the imperialist countries. Thus the FINANCIAL TIMES suggest that for the "Soviet bloc" the developing countries are by no means "such a natural ally," while the British economist R. (Ports) directly prophesies that in the long term "the East will have interests which concur more with those of the North than the South and will thus prove to be an ally of the West in the solution of the main economic problems."²⁵

It is not difficult to see that all these generalizations and appeals are aimed at distorting the role of socialism in world development, absolving the imperialist powers of responsibility for an entire era of colonial plunder, sowing discord between socialism and the national liberation movement, disconnecting these two allied streams of the anti-imperialist struggle and, finally, resuscitating the theory of the "convergence" of socialism and capitalism, on this occasion in the face of the demands of the developing

countries. It is for this reason that "we will never accept, either in theory or in practice," A.A. Gromyko emphasized, "the false concept of the division of the world into 'poor' and 'rich' countries, which puts on a single footing the socialist and certain other states, which have taken a very great deal of wealth from the countries under the colonial yoke."²⁶

This is the genesis of the theory in question, which passed from ideologically amorphous to class-definite, bourgeois hands and has been brought by them to a logical conclusion. It again corroborates V.I. Lenin's prophetic words that after October "the mutual relations of the peoples and the entire world system of states will be determined by the struggle of a small group of imperialist nations against the soviet movement and soviet states headed by Soviet Russia. If we lose sight of this (as in this case, say--I.I.), we will not be able to formulate correctly a single national or colonial question, even if it is a question of a most remote corner of the world."²⁷ This genesis is also suggested by conclusions which it would not be unfitting were they to be drawn by the supporters of the "poor" and "rich" countries theory also, whether spontaneous or pretending to ideological leadership therein.

The first is that the very movement for economic decolonization, the emergent countries' new place in world economics and politics and, finally, for surmounting poverty and backwardness must, in order to be successful, be primarily anti-imperialist for its enemy is not the amorphous "rich North" but "...an alliance of imperialists of all countries, one which is natural and inevitable for the defense of capital, which knows no fatherland...."²⁸

Second, for this reason, this very struggle against the cosmopolitanized enemy also should not be a national-state struggle but only an international struggle. In it "...it is necessary to think NOT of just one's own nation but to put ABOVE IT the interests of all and their universal freedom and equality" and "...to struggle AGAINST petty-national narrow-mindedness, exclusiveness and isolation and for consideration of the whole and universal and subordination of private interests to common interests."²⁹

This movement, further, can only be democratic and popular, but cutting off any chance fellow travelers, even if they pretend to leadership therein. At the same time that same popular nature and the fact that the most diverse strata are involved in it demand particular attention to the conclusiveness, consistency and historical progressive character of its programs and slogans in order "...not to lose history in these zigzags and deviations and to preserve the general prospect..."³⁰ As far as Marxists and revolutionary democrats are concerned, this prospect consists of "investing," without abandoning the struggle for current goals, "...every topic of the day... with the INSEPARABLE CONNECTION with fundamental goals" and patiently dispelling in the masses, particularly the nonproletarian masses, "the philistine-national illusions concerning... the quality of the nations under capitalism"³¹ with which their national bourgeoisie aspires to leave the emergent countries.

And in this sense it is not the confrontation between "rich" and "poor" countries which may ultimately eliminate inequality and injustice in international relations but only the domination in these relations of the class principle for it is precisely "the existing ownership relations which bring about some peoples' exploitation of others," whereas "together with the antagonism of the classes

within nations the hostile relations of nations between one another fall away also."32 These lines from the "Communist Party Manifesto" still serve as the key in the policy of the communist and workers parties in such a complex and contradictory sphere as the contemporary movement for economic decolonization and as its ideological arsenal. "No program or model" here, K. (Kannapin), a research scholar from the GDR emphasizes, "pretending to influence the progressive direction of world development has a chance of being realized if it fails to take account of the contradictions of the SOCIAL SYSTEMS (our emphasis--I.I.) in the approach to the solution of international problems."33

The Soviet Union is ready to facilitate and is in practice facilitating the development of the emergent countries. The policy of consolidating cooperation with these countries and the alliance of world socialism with the national liberation movement was confirmed anew by the 26th CPSU Congress. Any far-fetched and artificial demarcation lines splitting this alliance, whether they are drawn in the developing world itself or beyond, can ultimately play into the hands only of the common enemy--imperialism.

FOOTNOTES

1. V.I. Lenin, "Complete Works," vol 50, p 184.
2. Here and henceforward the calculations are based on UNCTAD material. "Handbook of International Trade and Development Statistics. Supplement 1981". New York, 1981, pp 347-352.
3. K. Marx and F. Engels, "Works," vol 12, p 735.
4. V.I. Lenin, "Complete Works," vol 27, p 16.
5. NEWSWEEK 5 April 1982, pp 37-38,
6. WEG UND ZIEL No 3, 1977; L'UNITA 17 March 1981; SOCIAL TRENDS, 1981, London, 1981, p 96; TABLEAUX DE L'ECONOMIE FRANCAISE. Edition 1980, Paris, 1981, p 79; "Portrait of a Mature Consumer Society--Japanese Life in 1990," Tokyo, 1981, pp 44-45; F. Gonzales, A. Guerra, P.S.Q.E., Bilbao, 1977, p 52; MEMO No 8, 1979, p 156.
7. K. Marx and F. Engels, "Works," vol 23, p 781.
8. Ibid., p 646.
9. Estimated from Y. Adelman, C.T. Morris, "Economic Growth and Social Equality in Developing Countries," Stanford, 1973, Tab. 1, p 152; H. Singes, "The Strategy of International Development," New York, 1975, Tab. 11, 2, p 187; E. Hagen, "The Economics of Development," Ontario, 1975, pp 230-231; "Redistribution With Growth," London, 1974, pp 8-9, 274; "World Bank World Development Report, 1981," Washington, 1981, pp 181-183.
10. Estimated from Y. Adelman, C.T. Morris, op. cit., p 152; "Redistribution With Growth," pp 8-9; "World Bank...", pp 182-183.

11. See SOUTH, January 1981, p 29; Document TD/B/863 UNCTAD, part II, p 64.
12. See K. Marx and F. Engels, "From the Early Works," Moscow, 1956, p 586.
13. THE EASTERN ECONOMIST 21 November 1981, Survey, pp 6, 11; INTERNATIONAL HERALD TRIBUNE 21 September 1981.
14. A.A. Gromyko, "Vo imya torzhestva leninskoy vneshney politiki" [In the Name of the Triumph of the Leninist Foreign Policy], Moscow, 1978, p 517.
15. PRAVDA 5 October 1976.
16. INTERNATIONAL HERALD TRIBUNE 13 January 1981.
17. PRAVDA 23 November 1982.
18. "North-South. A Programme for Survival," London, p 45.
19. R. Gordon, J. Pelkmans, "Challenges to Independent Economies. The Industrial West in the Coming Decade," New York, 1979, p 137.
20. K. Dutta, "Third World Countries: Struggle for New Economic Order," New York, 1979, p 68.
21. R. Hansen, "Beyond the North-South Stalemate," New York, 1979, p 2.
22. See INTERNATIONAL HERALD TRIBUNE 13 January 1982.
23. See FOREIGN AFFAIRS No 2, 1980-1981, p 386.
24. Quoted from D. Farmer, B. Taylor (Ed.) "Corporate Planning and Procurement," London, 1975, p 151.
25. REVUE D'ETUDES COMPARATIVE EST-OUEST, September 1979, p 36.
26. A.A. Gromyko, op. cit., pp 335-336.
27. V.I. Lenin, "Complete Works," vol 41, p 242.
28. Ibid., vol 36, p 328.
29. Ibid., vol 30, pp 44-45.
30. Ibid., vol 36, p 47.
31. Ibid., vol 23, p 53; vol 41, p 163.
32. K. Marx and F. Engels, "Works," vol 4, pp 371, 445.
33. IPW BERICHTS No 1, 1981, p 22.

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REAGAN POLICY ON R&D COMPOUNDS EFFECTS OF PAST NEGLECT

Moscow MIROVAYA EKONOMIKA I MEZHDUANRODNYYE OTNOSHENIYA in Russian No 1,
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[Article by A. Dynkin: "'Reaganomics' and the Contradictions of Scientific-Technical Progress"]

[Text]

I

Half of the term of the R. Reagan "team" in the White House has already gone. Two years of Republican government have intensified the crisis phenomena in the economy, increased the stagnation in many leading sectors of industry, increased unemployment and heightened social tension.¹ "Crisis," "Failure," "Complete Insolvency"--such epithets color the headlines evaluating the results of "Reaganomics".

Particular concern is being caused business and government circles by the deterioration in practically all indicators of production efficiency and scientific-technical progress: the slowing of the labor productivity growth rate in the majority of sectors, including processing industry, the decline in proportional expenditure on R&D in the GNP, the decline in the competitiveness of science-intensive products and the sharp reduction in the proportion of patents issued Americans in total patenting in the country. The indicators adduced in Table 1 provide a sufficiently graphic idea of the problems, contradictions and difficulties of the development of the U.S. economy in the 1970's compared with the previous decade.

Table 1. Dynamics of the Main Economic Indicators of the United States
(average annual rate of increase, %)

Indicators	1961-1970	1971-1980
GNP	3.9	2.7
Overall increase in prices	2.9	7
Fixed capital (in terms of residual value)	4.6	3
Man-hours worked	1	1.7
Labor productivity (private sector)	2.8	1.2
Expenditure on R&D (% of GNP, average for the period)	2	1.6

Proportion in world capitalist exports
(in year indicated) of

industrial output	25 ¹	17.3 ²
science-intensive products	31	21
telecommunications equipment	28.5	14.5
automobiles	22.6	13.9
aircraft	70.9	58
plastics	27.8	13
agricultural machinery	40.2	23.2

¹ 1962.

² 1979.

Estimated from BUSINESS WEEK 30 June 1980, pp 60-61; "Economic Report of the President," Washington, 1981, pp 234, 239, 274 and 276; "Science Indicators 1980," Washington, 1981, p 33.

The lack of fundamentally new investment commodities in combination with an "overaccumulation" of capital on the one hand and the underloading of capacity on the other, which has changed from a situational to a permanent structural factor, led in the 1970's to a decline in the rate of accumulation per employee. This, in turn, exerted a direct (a decline in the quantity of capital per employee) and indirect (deterioration in the quality of the capital for new equipment in the majority of cases represents the latest technology) negative influence on labor productivity. The more than twofold drop in its growth rate in the period 1971-1980 compared with the previous decade was unprecedented both in depth and duration in the entire history of official statistics' calculations of this indicator.

In recent years it has been a question not simply of a deceleration of but of a halt to labor productivity growth--in 1974, 1979 and 1980 it declined absolutely in relation to the preceding years. In U.S. processing industry as a whole in the period 1970-1980 this indicator increased only 28 percent, virtually remaining at the 1973 level, whereas in Japan it increased 102 percent, in France 61 percent and in the FRG 60 percent. In 1980 the productivity of the economy in these last two countries was only 10 percent below the American level. If the growth trends of this most important indicator which took shape in the last decade are maintained through 1985, the FRG and France and then Japan and Canada will be able to overtake the United States.

In the 1980's the competitive struggle between the main power centers of capitalism will switch increasingly to the sphere of scientific-technical rivalry inasmuch as by the end of the 1970's even the United States was inferior to its competitors in such spheres of traditional technology as metallurgy, shipbuilding, auto assembly, machine-tool building, agricultural engineering and certain others. In this decade alone the country lost 23 percent of the commodity markets which had belonged to it previously, which signifies an annual shortfall in proceeds of \$125 billion and the elimination of almost 2 million jobs,² while the annual deficit in the balance of trade in the traditional products of processing industry constituted approximately

\$35 billion at the end of the 1970's.

The reduction in or elimination of the "technology gap" with the West European and Japanese competitors is reflected in the increased negative foreign trade balance in science-intensive products in the United States' trade with Japan and the FRG. Whereas in 1970 the United States had a deficit of \$224 million under this heading in trade with Japan, by 1980 it had approached \$5 billion.

A principal factor which brought about the deterioration in American competitive positions and a slowing of the rate of technical progress was the unfavorable situation in the R&D sphere. Government financing of R&D in industry declined in the 1970's. The partial compensation of the resources for industrial R&D from corporations' own sources was unable to make good the shortage in funds. Practice shows that the specific function of financing R&D at company level remains profitability and the need to sell products under competition conditions. This determines the "defensive" nature and lesser degree of risk of the scientific research programs performed on the resources of private business. The priority of the speediest recovery of expenditure led to a sharp decline in the 1970's in fundamental changes in American industry and an increase in the proportion of innovations of a production-efficiency, imitative nature.

The United States continues to outdistance other developed capitalist countries in the level of resource support for science, but the gap is noticeably closing. Whereas in 1965 the total expenditure of the leading West European countries on R&D constituted less than half the funds spent in the United States for this purpose, in 1980 it amounted to two-thirds of the American volume.³ In the structure of official spending on science here in the United States the proportion of military-space programs at the end of the 1970's was 62.5 percent and in the FRG only 16 percent, Japan 8 percent and in France 38 percent. As a result the relative significance of the appropriations for R&D for civil purposes in the U.S. GNP was lower than or comparable to the analogous indicator for other countries: 1.54 percent in 1978 in the United States, whereas 2.19 percent in the FRG, 1.87 percent in Japan (1977) and 1.47 percent in Great Britain.⁴

In the 1970's the proportion of engineers and scientists in the structure of the American work force also declined or remained stable, whereas it increased in that of its competitors. Such indicators as the sharp decrease in the positive U.S. patent balance and the decline in the proportion of Americans in the world's scientific publications also testify to the reduced efficiency of American science. The increase in the patenting in the United States of West German and Japanese inventions serves as a guarantee of the further increased competitiveness of FRG and Japanese commodities on the domestic American market. The United States has had a negative patenting balance with the FRG for almost 20 years and for 10 years with Japan.

On the threshold of the 1980's the United States was forced to adopt a number of emergency measures to stimulate scientific-technical progress.⁵ By the joint efforts of the executive and legislative authorities and also with the participation of scientific circles a set of measures was formulated in

1979-1980 which provided for an increase in the role of the state in the pursuit of a national scientific policy based on the use of the traditional methods of state-monopoly regulation. The program scheduled an increase in government support for scientific research,⁶ the concentration of projects financed by federal agencies on problems of importance from the viewpoint of future competitiveness, an increase in the role of the Commerce Department in determining and realizing the goals of national scientific-technical policy, increased communication between the state, business and the colleges⁷ and coordination of R&D in industry and federal subsidies for the modernization of laboratory equipment and the training of scientific personnel.

II

The Republicans' assumption of office in 1980 has brought about the biggest changes in scientific policy in the entire postwar period. Two fundamental approaches may be distinguished in the decisions adopted by the new administration in this sphere: first, the state is financing military research (appropriations were increased 21.4 percent for 1981-1982) and a limited list of space R&D programs (an increase of almost 5 percent for the same period) at a growing rate. Second, private investments are becoming the principal source of the resources for the creation of commercial products and services. A system of tax-depreciation allowances and not government financing is to be the incentive for innovations. National technology priorities will be determined by industry, competition and the market mechanism.

The new approach was formulated in most general form in February 1981 in the so-called "Economic Recovery Program". There is no doubt as to the significance of R&D. However, in times of financial difficulties even certain highly promising investments in science and technology have to be limited and new projects postponed. As a result only a few days after the inauguration ceremony the majority of long-term programs of the preceding administration, including assistance to colleges in the replacement of laboratory and testing facilities, was eliminated, the creation of basic industrial technology centers was canceled and implementation of the majority of the provisions adopted by the 96th Congress within the framework of the Stevensen-(Uaydler) Technology Innovations Act⁸ was deferred.

Government funding of scientific research in the 1982 fiscal year is planned in an amount only 6.7 percent above the preceding year's appropriations (adjusted for inflation, this means a 2 percent reduction), with a simultaneous abrupt change in the internal structure of expenditure. Preference is given the fulfillment of military-space programs--appropriations for this purpose in 1982 constitute more than 72 percent of government spending on R&D.⁹ At the same time there is an 8-percent reduction in federal funding of all civil R&D programs without exception. This category of budget expenditure has been cut particularly: the science budget of the Energy Department has been cut 15.7 percent in 1982 compared with 1981, that of the Department of Health and Human Services 6.7 percent and of the National Science Foundation 4.2 percent (see Table 2). Scientific appropriations for the Department of Education were more than halved and almost eliminated along Labor Department lines.

Table 2. Changes in U.S. Federal Departments' Expenditure on Science

<u>Federal departments</u>	<u>Reagan's budget appropriations for 1982 (\$, millions)</u>	<u>Change compared with expenditure in 1981 (%)</u>	<u>Change compared with Carter's draft budget for 1982 (%)</u>
Department of Defense	20,744	+21.4	+1
NASA	5,675	+4.9	-15.6
Department of Energy	4,147	-16	-41.4
Department of Health and Human Services	3,657	-6.7	-14.4
National Science Foundation	881	-4.2	-29.7
Department of Agriculture	756	-1.7	-16.1
Other departments	2,047	-17.7	-30
Total	37,907	+6.7	-13.7

Estimated from "Science Resources Studies Highlights," 15 December 1981, p 3; "Research and Development. AAAS Report VI," Washington, 1981, p 15.

On questions of the internal structure of R&D appropriations the Reagan administration is a supporter of an expansion of applied research conducted from the federal budget and a reduction in the financing of the fundamental sciences. As a whole, increased federal support for applied research is an objective trend connected with the growing cost, complexity and duration of this stage of the scientific research cycle. At the present time it is at this stage that many urgent problems of scientific-technical progress are being solved.

As a result of the reorganization of the structure of the National Science Foundation the Applied Research Agency was liquidated. Now all the agencies specializing in definite branches of learning will perform this research, which is for them, according to the enactment governing the reorganization, a "subject of exclusive responsibility." A new agency has also been set up in the sphere of scientific developments of engineering disciplines. Its mission is to develop research in accordance with government contracts in such spheres as mechanical engineering, electrical engineering, computer planning and systems analysis.

The reduction in appropriations for the financing of fundamental research planned by the administration has met with sharp resistance from members of Congress. Congress believes that these appropriations may be used efficiently only given their stability over the long term since the accumulation of fundamental knowledge is a cumulative process and the losses connected with reduced expenditure at one stage cannot be compensated even given a considerable increase therein the future.

As a whole, the policy of the present administration is geared to the development of exact, natural disciplines. At the same time there is a sharp limitation of the funding of all social sciences, including those studying man's psychology and behavior. The reasoning is simple, if not to say primitive--

knowledge of society does not make a direct contribution to economic growth, and for this reason in a period of budget cuts it is not essential. The reduction is so significant (thus in the National Science Foundation appropriations for the study of social disciplines have been reduced fourfold) that the continuation of a number of programs in the sphere of economics, sociology and political science has been rendered impossible.

No less abrupt changes have occurred in the sphere of energy research: nuclear power is included among the important priorities, with the stimulation of R&D in the sphere of the production of breeder reactors. As far as the development of all the remaining energy sources is concerned, various types of synthetic fuel included, their development has been handed over to private industry. As a whole, appropriations for science were cut 16 percent in 1982 compared with 1981 for the Energy Department, while expenditure in the field of nuclear power was increased 18.3 percent and reduced more than two-thirds on nonnuclear power. As a result more than 72 percent of the Energy Department's research budget is currently allocated problems of atomic and thermonuclear energy.¹⁰

The so-called "Economic Recovery" Act passed by the Congress in 1981 contains a number of provisions aimed at stimulating R&D in private industry. The most important is the 25-percent cut in corporations' taxable income from appropriations for R&D, if they exceed the average level of investments in R&D over the past 3 years. It should also be noted that since this average level of investments is determined in current prices, tax concessions are thereby granted companies whose expenditure on R&D has declined in real terms. As a result each additional dollar spent on research reduces taxes by 71¢, given an average corporation tax of 46 percent. The tax concessions for private investments in R&D proved to be the biggest concession to private business compared with such practice in other capitalist countries (Japan 20 percent, the FRG 7.5 percent).

Second in terms of stimulative impact in the R&D sphere was the reduction in the equipment depreciation term for R&D from 5 years to 3 years. A number of tax benefits was also adopted for corporations which pass on their new equipment and make funds for research available to the higher education system.

Finally, for 1983 and 1983 domestic investments in R&D by transnational corporations based in the United States are exempted from fulfillment of Treasury Department regulations providing for part of their investments to be paid for thanks to income of the overseas affiliates. It is anticipated that this will stimulate the scientific research activeness of the transnational corporations' overseas affiliates.

The easing of federal controls and the elimination of a whole number of levers of government intervention are the basic content of the administration's measures in the sphere of scientific research. Abandonment of the traditional methods of regulation is undoubtedly connected with a certain exhaustion of their potential. As pointed out at the 26th CPSU Congress, "it can be seen as directly as can be how little state regulation is helping the capitalist economy." The attempts being made by the Republican administration

at the structural reorganization of the economy are of the trial and error method, frequently with the use of outdated economic mechanisms. The feverishness of the quest for a way out of the painful, crisis state was predetermined by the immaturity of the proposed measures.

III

The theoretical basis of "Reaganomics" is the so-called "supply-side theory," which represents an eclectic combination and compromise of contradictory and often even mutually exclusive elements of different theoretical concepts, primarily of neo-Keynesian, neoclassical and monetarist trends. Its most important practical conclusion is the shifting of the accents of economic policy from the control of consumption and demand for goods and services to the stimulation of production--an increase in the productiveness of the national economy. "Supply-side economics" is consonant with the ideas of "reindustrialization" and "economic recovery" aimed at the development and renewal of the leading sectors of industry. "Reaganomics" as a whole may be regarded as the government contribution to the "reindustrialization" program.

The main task of "reindustrialization" is the modernization on the basis of large-scale and predominantly private capital investments of fixed production capital in the key sectors of the economy and the stimulation of the creation of new progressive sectors. The decisive role in the fulfillment of these plans is assigned private enterprise.

The first evaluations of the necessary capital investments, however, have given rise to doubts as to the feasibility of the proposed measures. Thus the elaboration of measures for energy savings and the assimilation of alternative sources would require \$100 billion annually for 10 years and the modernization of transport, including restoration of the railroads and the construction of ports and pipelines, would add a further \$20 billion. To increase the proportion of capital investments in the GNP from 10 percent to 12 percent it will necessary to attract a further \$48 billion. Expenditure on increasing the relative significance of R&D in the GNP to 3 percent and stimulation of labor productivity growth would raise total annual expenditure to \$200 billion over 10 years.¹¹

The authors of the program see two main possibilities of accumulating the resources for investment: the freeing thereof as a result of tax and depreciation allowances for the corporations and an increase in the proportion of the population's income which is saved for the purpose of expanding the loan capital market. The total amount on which the administration can count constitutes \$724.7 billion in 6 years (1981-1986) or an average of \$120.8 billion a year.¹² It takes shape as a result of a reduction in taxes for these years thus: in income tax by \$551.8 billion, business taxes by \$160 billion and inheritance and gift taxes by \$12.9 billion.¹³

Despite all the approximateness of the American economists' estimates adduced here, which depend to a considerable extent on the economic growth, inflation and bank interest rates contained in the forecasts, a qualitative conclusion from their compilation is important: the measures of "Reaganomics," even according to the roughest calculations, are incapable of securing the

accumulation of resources necessary for tackling the tasks of "reindustrialization". The effect of a most important economic limiter of scientific-technical progress in the U.S. economy is connected with this fact. If we add the conclusion of Japanese experts to the effect that a further \$100 billion in capital investment are necessary to modernize the American steel industry and pull it up to the modern technical level, the significance of this limit becomes even more apparent.

The possibilities of goal-oriented financing of the economy from the federal budget have also been reduced appreciably. While one of R. Reagan's main promises during the election campaign was the balancing of the budget by 1984, President Reagan was forced to acknowledge in the report to Congress in February 1982 that accomplishing this task "does not appear attainable." Instead of it being balanced, Americans have found themselves facing a record deficit--\$109 billion in the 1982 fiscal year, that is, almost twice as much as in the previous year. For the 1984 fiscal year the deficit is planned at a level of \$82.9 billion.¹⁴

Hopes for balancing the budget even under the conditions of astronomic military spending were connected with the operation of the mechanism described as the so-called Laffer Curve. The essence of this is that the lowering of taxes stimulates investment and, consequently, profits to such an extent that the bulk of the taxes exceeds the "prereform" level even. As can be seen, the solution of this most important question of economic policy is connected with the growth of private industrial investment.

However, as reality shows, the resources released as a result of tax cuts and a reduction in the depreciation deduction term by no means go entirely into productive investment. In formulating economic policy Reagan failed completely to take account of the fact that a certain economic climate, namely, the curbing of inflation, low interest rates, scientific-technical process stock and so forth, is essential for the growth of capital investments (that is, an appreciable replacement and expansion of fixed capital).

In reality, on the other hand, instead of an increase in industrial investment, on the eve and at the outset of 1982, that is, at the time when "Reaganomics" began to take effect in full, a wave of mergers rolled across the United States. As a result conglomerates formed which are unconnected by the production cycle (for example, merchandising companies are purchasing power companies). Investing released assets in the stock of other companies with higher dividends does not increase production on a national economy scale but enables the monopolies to gain additional profit.

Besides the mergers, there is a further number of channels along which the drain of capital from the productive accumulation sphere is possible: various kinds of speculation in the bond and gold markets and investments in real estate and also overseas via transnational corporation channels. In addition, two-thirds of the resources released as a result of the income tax cut are being spent, as anticipated, not on the expansion of investment but consumer demand. According to the forecasts of the McGraw-Hill Company based on a poll of the

United States' 500 biggest corporations, zero real growth in investment in the private sector of the U.S. economy is expected in 1982. Thus the outflow of capital from the sphere of productive accumulation is creating serious obstacles to the development of technical progress.

The expansion of military R&D programs, which is unprecedented in peace time, is also a limiter of scientific-technical progress. Whereas previously some of the results of R&D in the military-space complex were used in the civil sectors of the economy, this is becoming increasingly less possible now by virtue of the nonconcurrence and sometimes diametrically opposite directions of the development of military and civil technology. Thus whereas at the end of the 1950's it was possible to transform the KS-135 jet aircraft refueler into the Boeing 707 passenger airliner, the borrowing of large-scale technical systems created for military purposes is practically ruled out today. "No one knows what to do with nuclear submarines in the civil economy," L. Turow, economics professor at MIT, observes.¹⁵

Despite this, science is regarded by the present administration as a most important tool in the attempts which are being made to change the existing military-strategic balance. "Science and technology have changed fundamentally not only the nature and scale of the military conflicts of this century but also the very existence of strategic warfare and the possibility of achieving national goals," a forecast of the development of science and technology released in 1982 by the U.S. National Science Foundation says. It contains an appeal for an increase in federal investments in military R&D. In undertaking an unprecedented buildup of government spending on military-space research U.S. ruling circles are simultaneously hoping to expand the arsenal of power means and resources and force other countries to follow in Washington's steps. In accordance with the program of budget appropriations for military research, they will have increased 70 percent by the 1987 fiscal year compared with 1980. Resources intended for civil R&D will be cut by 42 percent here.¹⁶

As a result it may be expected that by 1987 spending on military-space research will amount to approximately 85 percent of government investments in science. Even at the peak period of the Vietnam war and implementation of the Apollo program there was not such a high level of financing of military-space projects in the country. Among the arguments in support of its militarist preparations the present administration advances the proposition that the broad spectrum of military research also has applications in the civil sectors of the economy. Indeed, some of the results of military research in the sphere of microelectronics, artificial intelligence, robots, software and new materials are being used for civil purposes. However, it is indisputable that the channeling of the resources currently being invested in military R&D programs for peaceful purposes would produce an immeasurably greater economic result than individual instances of the diffusion of elements of military-space technology.

In the short term the R. Reagan administration's science policy has met the majority of demands of big business in respect of tax-depreciation allowances for R&D in private industry. There has been a certain expansion of business' scientific research activeness: in 1981 industry increased investments in R&D 7 percent in real terms compared with the previous year. However, under

the conditions of the market economy, in the estimation of a number of American economists, private investment in R&D tends to be lower than the socially necessary expenditure since the social benefits from innovations considerably exceed individual capitalist profit.¹⁷

A process of a reduction in government spending on R&D and an increase in the appropriations of private industry occurred in the United States throughout the 1970's. According to an estimate of the National Science Foundation, 47.3 percent of gross national investments in science came from the budget in 1981. This trend runs counter to the practice of capitalism's other centers of power, where the state is increasing its proportion: in West Europe, for example, the government of France finances 60 percent of national spending on R&D, that of Britain 55 percent and that of the FRG 49 percent. In Japan, despite the fact that the level of state financing of science is below the American level, a powerful mechanism of regulating the directions of scientific-technical progress exists all of whose key levers are in the hands of the government.

The West European countries and Japan have long-term development programs which are coordinated and to a considerable extent subsidized by the state in such progressive spheres connected with submicron technology as microelectronics, the creation of new materials and biological engineering. In these newest sectors the United States has practically no such "technological lead" as existed, say, in aircraft building or computer production. This situation is being intensified, as already mentioned, by R. Reagan's decision to practically completely dismantle major government civil programs (with the exception of nuclear power) in the hope of an acceleration of technical progress thanks to the private sector. It should also be considered that depreciation policy within the "Reaganomics" framework creates incentives primarily for the capital-intensive sectors of industry, whereas a considerable proportion of the high technology sectors does not require large-scale investments. Furthermore, in these sectors (in the production of semiconductors, for example) the obsolescence and physical depreciation of fixed capital occurs in less than 4 years and, consequently, the new, 5-year production equipment depreciation term is having no stimulative impact on a large group of science-intensive sectors. Even in the opinion of G. Keyworth, R. Reagan's scientific adviser, "the new depreciation terms cannot be considered satisfactory from the viewpoint of their impact on the high technology sectors."¹⁸

The effect of the negative factors which were manifested in the preceding decade, which orient the corporations' scientific research activity toward the accomplishment of short-term, rapidly recoupable tasks, will continue in the 1980's also. The orientation toward a refinement of products is leading to a deterioration in the indicator of the replacement of manufactured products, which, according to authoritative forecasts, will have declined to 11 percent in 1984 compared with 13 percent in 1981. This means that almost 90 percent of the products which will be manufactured in 1984 will already have been produced in 1981. Thus under the evolved conditions of an uncertain business climate U.S. corporations, despite the increased scientific research activeness of private enterprise, will not have the opportunity to realize scientific-technical process stock either in market innovations or investment decisions. For this reason the claims of the creators of "Reaganomics" that by

the end of the 20th century some "regenerative forces" of free enterprise will be able to develop the long-term and costly directions of modern scientific-technical progress appear completely groundless.

From the viewpoint of the long-term prospects of the development of the United States' scientific-technical potential the policy of the R. Reagan administration is only intensifying the seriousness of the current problems. Historical experience shows that a reduction in government financing of research in the sphere of the social sciences and the humanities can ultimately cause damage to a country's scientific-technical potential considerably exceeding the direct savings in resources. Such aspects of social disciplines as organization theory, scientific management methods, ways to optimize the economy and use of the "human factor" perform practically the same role in the development of the modern production forces as software in the progress of computer technology. As acknowledged by many American specialists, the leading organizational-managerial level of Japanese industry is determined by the consistent introduction in Japan of the achievements of American management theory. In particular, despite the obvious flaws, in the majority of American companies the system of awarding bonuses to top-flight managers is still connected with indicators of the companies' current, present-day profitableness. Long-term expenditure on scientific research or high costs at the time of the introduction of new technology cause a deterioration in short-term profitability indicators and a corresponding reduction in the managers' compensation. As a result they are interested in the introduction of cheaper projects with a short recovery term, that is, as a rule, simpler projects with a lesser degree of innovation. A negative feature of managerial procedure typical of the United States remains the inadequate level of technical competence of top corporation managers inasmuch as their promotion to executive positions is connected primarily with the level of organizational-managerial qualifications.

The American colleges have also encountered serious problems. Along National Science Foundation lines alone expenditure on research in the sphere of education has been cut sevenfold in 1982 compared with the previous year. The level of the "drain" of highly qualified scientists from the colleges into industry, whither they are attracted not only by higher wages but also more sophisticated scientific facilities, is very high. The United States currently graduates only half as many computer specialists as Japan. Half of the students studying the engineering faculties of American colleges are foreigners who leave the country when their education is completed, which could create a shortage of engineers in 1985. The trend is intensified by the unfavorable demographic situation in the United States connected with the declining birthrate. "To expect scientific and technical progress and abandon efforts to improve education in our colleges is," A. Bromley, president of the American Association for Assisting Scientific Progress, believes, "illogical and contrary to national interests." This anxiety of American scientists is increased by a perception that the cut in appropriations is connected with "a disregard for the significance of the training of scientists and an ideological nonacceptance of the social sciences" on the part of the present administration.¹⁹

The roots of the steps being taken by the Reagan administration in the economic and scientific spheres should be sought in the interests of the new detachment of the American bourgeoisie which came to power as a result of the 1980

presidential election. These are mainly West Coast monopoly groupings connected primarily with electronics, aviation-rocketry and space industry. Three singularities characterize such corporations: a long-standing orientation toward a stable government military orders market, practical absence of foreign competition and reliance on spontaneous market processes within the country. It is they which to a considerable extent are today dictating the "economic recovery" prescriptions.

With regard for the acute economic contradictions narrowing the horizons of scientific-technical progress in the United States the accomplishment of the set tasks by the mid-1980's does not appear very likely. The measures proposed by the Reagan administration may be characterized more as a set of contradictory prescriptions of physicians of different schools for a patient who has been wrongly diagnosed. The social failures of "Reaganomics," the depth of which is increasing proportionate to the offensive against the working people's economic and social gains under the slogans of the "national" goals of labor and capital, will also have an increasingly strong impact. Such is the reality. It provides impressive grounds for expecting a further decline in the rate of technical progress, a deterioration in competitive positions in the majority of the civil sectors of the American economy and the emergence of new disproportions in the sphere of R&D.

FOOTNOTES

1. For more detail see Yu. Chizhov, "Where R. Reagan's Program Is Leading the American Economy" (MEMO No 2, 1982, pp 54-66); A. Anikin, "Second Year of 'Reaganomics'" (MEMO No 6, 1982, pp 23-24).
2. See BUSINESS WEEK 30 June 1980, p 58.
3. See "Outlook for Science and Technology: The Next Five Years," Washington, 1981, p 502.
4. See "National Pattern of Science and Technology Resources 1981," Washington, 1981, p 29; "Science Indicators 1981," Washington, 1981, pp 212, 214, 215.
5. In 1980 some 75 bills to stimulate innovation were introduced for examination by various bodies of the U.S. Congress Senate and House of Representatives.
6. A 35-percent increase in federal appropriations for R&D was planned for 1981 compared with the average of the 3 preceding years.
7. Long-term (10-year) programs were developed and adopted for research in the sphere of motor transport and deep-water drilling and also the production of synthetic fuel, as was a program of R&D in metallurgical industry.
8. This act provided for an increase in the coordinating role of federal departments in the creation of innovations of key significance for the economy.
9. In 1975-1980 spending on military-space research constituted 62-64 percent of the United States' federal scientific expenditure. In the draft budget for the 1983 fiscal year which the administration sent to the Congress for approval in February 1982 this expenditure constitutes 75 percent.

10. Estimated from "Research and Development. AAAS Report VI". Washington, 1981, p 29.
11. NATIONAL JOURNAL 25 October 1980, p 1820.
12. This amount has presently become even less inasmuch the administration, faced with the growing budget deficit and, as an emergency measure, abandoning the principles of its economic policy, has been forced to push through Congress a bill which increases income tax and business taxes by \$98.3 billion in the next 3 years (TIME 30 August, 1982, p 24).
13. U.S. NEWS AND WORLD REPORT 10 August 1981, p 24.
14. "Budget of the United States Government. Fiscal Year 1983," Washington, 1982, pp M 12, M 5; TIME 6 September 1982, p 39.
15. SCIENCE 21 August 1981, p 845.
16. Estimated from "Research and Development. AAAS Report VI," p 6; "Research and Development. AAAS Report VII," Washington, 1982, p 7.
17. See, for example, THE QUARTERLY JOURNAL OF ECONOMICS, May 1977, pp 234, 235.
18. SCIENCE, August 1981, p 844.
19. See TECHNOLOGY REVIEW, August/September 1981, p 8.

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FAILURE OF PARLIAMENTARIANISM IN MOST THIRD WORLD COUNTRIES EXAMINED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1,
Jan 83 pp 84-96

[Article by N. Simoniya: "National-State Consolidation and the Political Differentiation of the Oriental Developing Countries"]

[Text] The 26th CPSU Congress formulated, inter alia, the important proposition of sociopolitical differentiation as an important feature of the current stage of development in the zone of the emergent states. This problem has two aspects, which do not always and in all things concur: the internal--differentiation by nature of social or formational development--and external--differentiation by foreign policy orientation. In studying these aspects, an investigation of which will undoubtedly become a principal area of orientalists' scientific research in the years to come, it is obviously necessary to take into consideration the fact that at the deep-lying basis of the developing countries' political differentiation are the processes of national-state consolidation which they are experiencing. In a certain sense it is a reflection of these essentially integration processes, and it is only with an explanation of the nature and content of the latter that the phenomena of political differentiation which we observe cease to appear as a chaotic accumulation of historical events and the arbitrary actions of governments, parties and individual leaders.

What are the essence and specific features of the foundation on which this differentiation occurs?

I

The problem of national-state integration is central in the transitional society. However, in the East it has particular features compared with the "classical" Western model. An important difference consists of the very structure of the postcolonial societies. Upon the transition from feudalism to capitalism in the West the multiple-production-mode structure inherited by the new society incorporated the structural elements of capitalism conceived at the heart of the old society and also residual seams of the feudal structures. The main task was the modernization, grinding and transformation of these stratifications and their more or less full integration in the new, bourgeois social-production organism. Today's developing countries were bequeathed a

more complex multiple-production-mode or "composite" structure consisting of the following basic components: the national capitalist mode, colonial structures and archaic traditional structures.

Thus the problems of the modernization and national-state integration of the emergent countries have, as distinct from Europe's historical past, two aspects, and the governments of these countries have to tackle a two-in-one task: on the one hand the transformation of the colonial structures and their integration within the framework of the national economy and, on the other, the "envelopment" of the archaic structures and their gradual modernization and inclusion in the orbit of the modern production method. Whence the particular significance of the state in present-day oriental countries. It is called on to play an active formational and creative part on practically all "stories" of society: the economic basis (as a direct agent of production relations included), the national-ethnic and social structures and the entire system of the political superstructure (including the completion of its own civil and military machinery) and at the ideological level (the shaping and introduction of a "statewide" ideology).

National liberation revolutions and the establishment of national statehood were decisive prerequisites without which even embarking on the accomplishment of the task of surmounting the "composite" nature of the societies would have been impossible. But neither political revolutions nor the new statehood could in themselves have done away with this nature. An entire historical phase of independent formational (capitalist or socialist) development was needed for this. In addition, centrifugal tendencies whose sources lie in the heterogeneousness of the components of the "composite" society and which are temporarily suppressed at the time of liberation again come to life with the first steps along the path of independent development and prompt the governments of the emergent countries to ponder the development of a national-state integration strategy. The entire phase of the postcolonial period was characterized by attempts of the national governments and leaders to tackle the said problem within the framework of parliamentary forms of statehood borrowed from the West. However, the absolute majority of such attempts ended in failure.

The main difficulty and key problem consisted of the discrepancy between the real (that is, multistructural or "composite") society and the framework of the officially proclaimed national-state community (the official or legal state). In the majority of European countries bourgeois statehood was the result of a natural-historical process of the inception and development of elements of the future civil society back at the heart of the dying feudal formation and its further formation in the course of the early-capitalist phase. With the completion of this phase the frameworks of the real and civil society by and large coincide. In other words, the bulk of the population of the real society constitutes at the same time the bulk of the civil society and recognizes itself primarily as citizens of the given state formation, while allegiance to narrower and more local communities and groups recedes to a secondary position and in certain instances disappears altogether.

The contemporary bourgeois states in oriental countries, on the other hand, appeared, if not from the clouds, nonetheless "from above" either as a result

of victorious national liberation revolutions or thanks to a deal of the former metropolis with the narrow upper strata of the ruling classes. Immediately upon achieving independence these parliamentary regimes found themselves on the entirely unsuitable basis of the "composite" society, in which even if individual, predominantly potential elements of the "modern" civil society were contained, they were in the majority of cases inadequate for ensuring the stability and efficient activity of a genuinely modern state. It is not therefore surprising that under the conditions of the developing countries the officially proclaimed bourgeois statehood borrowed from outside could not have been anything other than a carcass and form without the appropriate content. In addition, the discrepancy between form and content very quickly assumed a destructive character in many countries.

The point being that the interaction of the bourgeois state (in its final form--the constitutional or parliamentary republic) with the real, "composite" society leads from the very outset to a highly contradictory result. The borrowed form was suffused with not entirely modern content or, in other words, the discrepancy between the real society with its multiple production modes and many-sided nature of socioeconomic and national-ethnic structures and the official state automatically carried over into the state, which weakened its will and capacity for transforming and integrating the real society. It itself now needed a certain adjustment and modification. A lower form of bourgeois statehood with different methods and forms of centralization and a greater relative significance of the traditional authoritarian character, which is more familiar in its outward manifestations and more adapted to the tasks of the given phase of the emergent countries' social development, was needed.

The transformation of the official state in individual oriental countries reached a varying depth, was effected by dissimilar methods and assumed diverse forms. It varied from a certain limitation of the originally introduced parliamentary system through its complete replacement with authoritarian regimes. In certain cases, when the specific correlation of social-class forces permitted, there was even a movement beyond the confines of bourgeois statehood: revolutionary democracy became firmly established at the helm of state power and, relying on the support and example of world socialism, oriented society's development in the direction of socialism.

The paradoxical nature of the situation in the developing countries was that not only the weakness but also the comparative "strength" of the official state were conditioned by identical factors--the general structural fragmentation of society and the lack of a molded civil society or any significant and strong national structure which could right away have been the direct basis of the state. After all, in the overwhelming majority of oriental countries the national capitalist structure was at the time independence was gained far too weak to independently perform a system-forming function. The national bourgeoisie was still, as a rule, a "class in itself," and no single one of its factions had the capacity for rising above its narrow selfish interests. In other words, the bourgeoisie as a whole lacked the self-sufficing common interest which it might have presented as general or national.

It was precisely under such conditions that the relative independence of the state was able to manifest itself. In other words, if the direct

representatives of not one of the structural components inherited from colonialism were able to become the dominating force of the official society, the representatives of the social stratum which would be autonomous as regards all these structures obviously had to act as this force. This stratum is the bureaucracy--civil or military--and its representatives the corresponding strata of the intelligentsia (political, military, technical and so forth).

However, the possibility of the relative independence of the state could be realized only on condition that it would know how, together with the use of compulsion (which is brought about by the phase of social-economic development itself), to find the formula of compromise of the basic components of the "composite" society which would be based on the need to tackle its most urgent tasks: prevention of the disintegration of the young social organism, suffusion of the sovereignty of the national state with real content, the surmounting of age-old backwardness, the achievement of economic independence, the development of national culture and so forth. The state must in practical activity focus the definite interests of all the principal components of this society and at the same time remain above them. Such a task is accomplished by way of centralization of the superstructure itself, which imparts to it qualities which correspond to the general need to keep the society's diverse structural components within a single national economic framework. At the initial stages of independent development this centralization in the oriental countries acquires with objective inevitability the nature of an authoritarian approach (sometimes open, but more often concealed by various forms of parliamentarianism).

The establishment of an authoritarian state does not yet signify its universal control of all sectors of the real society. For the most part, matters are confined initially to a formal declaration of such control on the part of the official state, and only gradually is the carcass of national statehood filled with more or less appropriate content. At this stage the governments and leaders attempt to compensate for the lack of universal civic activeness binding the society by political life introduced "from above". It is not a question here of the will or wilfulness of these governments and leaders but of the objective need for such compensation. It is important, however, that the means of achieving the goal not be taken for the goal itself. After all, political life can in no way substitute for the totality of manifestations of civic activeness and its integrating role, and for this reason the problem of national-state consolidation cannot be solved by political and ideological methods alone (despite all their importance and necessity).¹

Today also in practically all developing countries significant seams of archaic and colonial structures continue to live their "own" relatively autonomous life and are guided in it by value orientations which are different than those prescribed by the official state. The loyalty of such social groups is oriented, as before, outside or toward archaic structures. It is this which explains the numerous opposition and even separatist movements in many developing countries. Neocolonialism is attempting to use both varieties of movement in its own interests. However, as the practice of the present-day oriental countries shows, those currents in opposition to national statehood may operate uncoordinatedly, jointly or even against one another. In the latter case

certain traditionalist movements could carry within them an antineocolonialist charge and provisionally form a bloc with present-day national social forces. An analysis of these specific-historical manifestations of the correlation of the traditional and modern constitutes, we believe, an important task of orientalist science.

II

The above-mentioned singularities distinguish the group of developing countries from the West, make this group a definite community and condition its "special place" in the world capitalist economy as an exploited periphery. At the foreign policy level this position prompts the emergent states to unite in the nonaligned movement. However, within this community very appreciable differences exist both in terms of the correlation of the basic components of the "composite" society in different countries (national way of life, colonial and archaic structures) and the specific character of these components. There are countries where colonial capitalism has not only managed to "regrind" a substantial part of the archaic traditional structures but also to engender its own "denial"--a national capitalist structure, new social and political forces and a mass national liberation movement. But there are also countries in which substantial seams of archaic traditional character are preserved to the present day. There are also very important differences in the internal composition of these structures. Thus individual countries may differ appreciably in terms of the correlation in the national structure of elements of private-economic and state enterprise. The traditional formations (from primitive-commune through postfeudal) may be dissimilar. Finally, there are also extremely appreciable differences in the type of colonial structures. In some instances the "classical" colonial forms incorporated in the division of labor of the old, colonial type (that is, small-scale commodity raw material production connected through a ramified network of merchant-usurious capital with the big capital of the former metropolis) still predominate. In others the relative significance of modified colonial structures (foreign industrial enterprise directly in the developing countries) is high.

It is perfectly clear that as a consequence of this there has to be great dissimilarity in the level of maturity of the internal prerequisites of national liberation; the correlations in the liberation movement of the traditional and modern classes and political forces; the form and nature of revolutionary processes and new political regimes; and the prospects of socioeconomic and political transformations, including the possibilities of overshooting and recoil. It is such differences which constituted the objective basis (as distinctive from subjective--the will of governments and leaders--which might have coincided or temporarily not have coincided with the objective basis) of the differentiation of the developing countries observed by us in both its internal and external aspects.

In the internal plane differentiation is expressed primarily in the multiformity of variants of compromise which the official states were forced to formulate, taking the specific combinations of their countries' social structures as a basis. There is no possibility here of examining all these variants (and subvariants) in any detail, and for this reason we will confine ourselves to an indication merely of the main types thereof which have taken the form of this model of social development or the other.

1. First of all, a numerically small group of countries may be distinguished in which, despite all the peripeteias of social development in the postcolonial period, parliamentary systems have been preserved (India, Sri Lanka, Malaysia and others), although partial adjustments in the direction of an increase in the elements of an authoritarian character have been made in some of them. Western sociologists frequently attempt to explain the reasons for the comparative stability of such regimes by the cultural-civilization singularities of these states, the specific features of historically evolved traditions, religion and so forth.² They refer here to the fact that certain of the countries in question (India, say) in average indicators of economic growth and per capita income stand far below other states where parliamentary forms of government have not taken root. Whence the conclusion is drawn that consideration of the socioeconomic factor cannot provide a satisfactory answer to the question posed.³

It would appear, however, that an analysis of the cultural-historical singularities of this society or the other does not in itself explain anything to us in the problem we are studying (although it can and should be an important supplement and amplifying aspect of specific-historical research) since there are countries with similar cultural-civilization features in which parliamentarianism has, nonetheless, not consolidated its hold. And, on the contrary, within the group in question there are considerable cultural-civilization differences which prevent us giving a universal explanation of the reasons for the stability of parliamentary regimes therein. I believe, however, that among the most essential reasons for the preservation of these regimes it might be possible to point primarily to the higher level of establishment of a NATIONAL [boldface] capitalist structure (irrespective of whether a private-capitalist or state-capitalist component and so forth predominates therein).

The methodological vulnerability of the positions of those who deny the significance of the socioeconomic factor for the stability or shakiness of the parliamentary system in the developing countries consists, we believe, in the fact that they usually take formal, statistical indicators of economic growth which in reality contain unnecessary information on the formational aspects of the society's real socioeconomic development. Of decisive significance, however, in this case is not the fact that large masses of the population have as yet to be encompassed by truly capitalist relations, make a disproportionately small contribution to the GNP and occupy a peripheral position in relation to the system-forming nucleus--the national capitalist structure--but the level of establishment of this nucleus and, consequently, the extent of its capacity for exercising the leading role in relation to the remaining components of the society's social structure.

India, for example, is characterized by a combination of such factors as (in relation to the majority of other oriental countries) a high level of establishment of the bourgeoisie as a class and its high political organization and great experience and a high relative significance of state-capitalist forms of enterprise (the public sector's share of the GNP currently constitutes 20 percent and, furthermore, it concentrates the base enterprises of such sectors as the metallurgical, petroleum-refining

and coal sectors and the biggest power facilities). The foundations of heavy industry using modern technology have been laid in the country. India possesses Asia's biggest professionally trained personnel potential. It has joined the world's 10 most industrially developed countries. Nor is it fortuitous, obviously, that for a number of years India has been engaged in assistance programs to other Asian and African countries. The sum of appropriations for this purpose, which constituted \$1.1 billion at the end of March 1980, might, possibly, seem not that significant. But this is, after all, only the beginning, and then the structure of this assistance is distinguished favorably from the purely financial assistance of the OPEC members. India exports industrial capital and renders technical assistance. Up to 160 joint enterprises in many developing countries have already been created with its participation (as of January 1980).⁴

All this testifies to a comparatively high level of maturity of the national capitalist structure, which has enabled the national bourgeoisie and its political representative--the Indian National Congress--to formulate a political strategy which has ensured, first, this party's absolute domination for a long period [words illegible] and, second, the possibility of flexible response to manifestations of a crisis of the social structures, a change in the compromise formula and a reformist way out of crisis situations. The general stability and firmness of the existing political system have thereby been maintained.

2. To the second type we may attribute countries where monarchical regimes, which have been forced, however, under the pressure of external and internal factors to embark on the path of bourgeois modernization, have until recently been preserved or are preserved to this day even. The proviso should be made immediately that there are considerable differences within countries of this type since the monarchical form of rule may be suffused with highly dissimilar real content in individual countries or at different historical stages of the development of one and the same country (the absolute monarchy in Saudi Arabia, the neo-Bonapartist monarchy in Iran following the shah's "white revolution" or the constitutional monarchy in Morocco). In addition, in certain segments of the history of individual countries there are also "mixed" or intermediate-type monarchies when in a single regime elements of an absolutist, constitutional or neo-Bonapartist monarchy are present simultaneously (for example, the combination of the form of constitutional monarchy with absolutist content of the shah's regime up to the start of the 1960's in Iran; a similar phenomenon in Nepal since 1951' and so forth).

These differences are important from the viewpoint of determination of the degree of advance of this country or the other along the path of bourgeois modernization, the specific phase of formational development and the nature and possible consequences of impending revolutionary and evolutionary changes. Thus as distinct from Iran, which since the start of the 20th century has experienced a number of general democratic surges and counterrevolutionary recoils, a number of crises of the social structures and also a multitude of attempts at various reforms, Saudi Arabia in all respects represents a comparatively young state formation whose history can be fitted into 50 years. The processes of feudal centralization in it were only being completed when it suddenly found itself pulled into the orbit of the world oil business.

It took 30-40 years of the catalytic impact of foreign capital for the first manifestations of bourgeois modernization to be really perceived in Saudi society itself and for the feudal monarchy to be transformed into an absolute monarchy.

But despite all the specific-country differences, bourgeois modernization under the conditions of monarchical regimes has an important typological feature which consists of the profound and striking contradiction which arises between the basis and superstructure and which is organically connected with the duality and contradictoriness of the superstructure itself. In fact, when, under the pressure of external and internal factors, the traditional monarchical superstructure, while remaining such in its political and ideological forms begins to play the part of agent of the capitalist modernization of society, it thereby objectively begins to appear in some of its aspects in a fundamentally new formational capacity. Thus the first contradiction (objective) is contained in the very superstructure, which henceforward represents, as it were, a synthesis of formational-antagonistic elements. This primordial duality of the superstructure not only appreciably complicates its modernizing functions but also contains within it the seeds of profound sociopolitical contradictions, which are revealed and become aggravated increasingly in line with the economic modernization.

The latter circumstance makes its presence known particularly distinctly and rapidly in countries possessing specific natural wealth (oil, for example) and, thus, a significant source of the foreign currency necessary for economic development. Modernization of the basis here assumes an impetus nature and considerably outpaces the evolution of the superstructure itself in its political and ideological manifestations. The more so in that the first economic achievements, the growth of national income and a certain rise in the population's living standard at a time of the regime's clearly expressed aspiration to self-preservation strengthen considerably the trends of stagnation, an authoritarian approach and bureaucratism in the superstructure. This creates a second important and profound contradiction between the basis and the superstructure as a whole. On the one hand there is a rapid "introduction from above" of modern production forces and technology borrowed from the developed capitalist countries and the development of elements of state capitalism and state-monopoly capitalism even and, on the other, the archaic political structure, which at best progresses from absolute monarchy to neo-Bonapartism (and sometimes in its most reactionary, police-repressive variant, furthermore), but which sometimes sticks entirely at the absolutism phase, is preserved.

The particular contradictoriness of this model of "revolution from above" is manifested, in particular, in the fact that the process of economic modernization inevitably calls to life an aspiration to political self-expression in the new social strata (exploiter and exploited) engendered by this process. The objective need for elementary bourgeois-democratic freedoms emerges and intensifies. But the basic contingent of the archaic machinery of state discerns in these trends and aspirations the undermining of its privileged position and opposes them in every possible way, not stopping short at police repression.

We touched earlier on the important question, but one which is still disputed by a number of scholars, of the possibility of the development in certain developing countries of a state-monopoly capitalism structure. Their main

objection--that the emergence of state-monopoly capitalism in the West was preceded by lengthy processes of the accumulation, concentration and centralization of capital and that none of this is observed in the oriental countries--appears unconvincing. The "classical" version of the emergence of state-monopoly capitalism is indeed impossible today in the developing countries. The essence of the problem is precisely the fact that it is a question of the bypassing of certain phases of capitalist evolution and a specific version of state-monopoly capitalism distinguished from the "classical" forms in the West both in genesis and in structural features.

First, the emergence of state-monopoly capitalism in the East is occurring in a reverse procedure, as it were: the state appears on the scene not in the final phase of the monopolization processes but is itself the initiator of and main participant in these processes. Second, the very process of monopolization in the social plane is of an unusually narrow nature: mainly only the representatives of the elite (aristocratic, highest bureaucratic and so forth) strata of society participate in it. This rapidly forming reactionary, aristocratic-bureaucratic monopoly capital usually appropriates all the "cream" of bourgeois modernization, impeding the democratic development of capitalism.

The above-mentioned nature of the genesis of state-monopoly capitalism and the relatively compressed period of its emergence predetermined the formation of the latter in accordance with the "skyscraper" model. As distinct from "classical" state-monopoly capitalism, which represents, as it were, the tip of a cone based on a broad foundation of the private-capitalist and small-scale commodity structures which takes shape over centuries,⁵ the state-monopoly capitalism in the shah's Iran, say, had the form of a narrow skyscraper without any solid "substratum" in the form of sufficiently developed private-capitalist and small-scale commodity social structures. This predetermined the shakiness of the entire edifice of state-monopoly capitalism, despite the sensational indicators of rapid growth of national income and the outward dazzle of the country's persistently heralded economic "prosperity".⁶

3. The third type of countries is represented by military-bureaucratic (Indonesia, Bangladesh, Pakistan and others) and civil (Senegal, the Philippines and others) authoritarian regimes. The original attempts of the bourgeois, bourgeois-landowner and petty bourgeois circles which found themselves in power in these countries to secure within the framework of a parliamentary democracy borrowed from the West stable capitalist evolution were doomed to failure and led to an acute socioeconomic and internal political crisis. After more or less prolonged confrontation, these forces were ultimately forced to yield the initiative and leadership in the further process of the bourgeois modernization of their societies to a new social-political force--the bureaucratic bourgeoisie--and its political representative--the military and civil bureaucracy. In individual countries the new social stratum took shape variously and in different historical periods, but everywhere the leading role of bureaucratic capital was the result of a combination of the efforts or even complete social integration of two components: the corrupt and parasitizing military or civil bureaucracy and a narrow group of big capital.

Such regimes represent kinds of Bonapartist or, more accurately, neo-Bonapartist dictatorships. As distinct from their "classical" predecessors, which had objectively cleared the way for the establishment of the dominating role of the private-capitalist mode throughout the social production structure, these dictatorships provide us with a different model of bourgeois social revolution. The system-forming structure here is not private-capitalist but bureaucratic state capitalism, which has a tendency to grow into bureaucratic state-monopoly capitalism, bypassing private-economic capitalism as an independent phase of formational development (although the latter in the form of elements or a structure emerged prior to the establishment of the political power of the bureaucratic bourgeoisie, exists under it and will exist at the stage of bureaucratic state-monopoly capitalism). It should be said that in certain of the above-mentioned countries the structure of bureaucratic state-monopoly capitalism has already emerged (Thailand) or its first, but important elements are taking shape (the Pertamina state oil corporation in Indonesia, for example).

Despite the undoubted similarity of the objective historical situation in these countries to the situations in the monarchical states, an essential difference, we believe, consists of the very nature of the superstructure, which implements and directs the entire process of bourgeois social revolution. In the monarchical states the bureaucracy is used as an instrument of the implementation of modernization of the traditionalist superstructure, under the neo-Bonapartist regimes the bureaucracy itself is the initiator of this process and is not tied hand and foot by thousands of feudal-tribal and hierarchical connections and dependencies. This does not mean that traditionalism does not play any part in countries with military-bureaucratic regimes, but its significance and resistance to bourgeois social revolution is at least a rank lower. This fact makes these regimes objectively more flexible and more capable of adapting to the needs of bourgeois modernization, although, of course, much also depends on the specific nature of the subjective factor.

All these "controlled (by the army) democracy" regimes more or less emphatically reject Western parliamentarianism and proclaim as their slogans "political stability" and "economic development". At the same time neither the contemporary political situation, certain traditions of political life nor, finally, the higher "relative significance" of the bourgeois and petty bourgeois classes in the social structure of the societies of the countries in question permit the military regimes to embark on the path of complete liquidation of the parties. For this reason representative establishments with a falsified progovernment majority are created; and constitutions are drawn up which ensure the virtually dominant role of the army in the system of the legislative and executive organs of power. The army is proclaimed a "guarantor" of political stability and the "correct orientation" of the activity of all the superstructural institutions.

4. We should distinguish particularly the group of countries where the processes of social modernization are proceeding in the channel of a socialist orientation. Revolutionary democracy came to power in such countries in dual fashion: either the political initiative switched to it back at the stage of the struggle for national liberation (Algeria, Mozambique, Angola and others) and for this

reason the conquest of power was an initial feature of the new social orientation also or it found itself in power as a result of a profound crisis of the social structures, a way out of which the ruling bourgeois and rightwing petty bourgeois circles were unable to find either by the reformist or authoritarian path (the People's Democratic Republic of Yemen, Benin, Madagascar, Burma and others).

The revolutionary democracy of the countries of a socialist orientation is confronted by the same problems of national-state integration, complicated, furthermore, by the new tasks ensuing from the orientation toward socialism. In states where it has not managed to formulate a realistic version of a necessary compromise taking account of the actual nature of the real society and the presence of the prerequisites of a socialist orientation, a departure therefrom could occur (as was the case in Ghana and Mali in the latter half of the 1960's and subsequently, in the 1970's, in Egypt, Sudan, Somalia and certain other states).

The processes of internal differentiation are to be observed among countries of a socialist orientation also. At least two main subgroups have as of today appeared here. In the first of them revolutionary democracy opts practically from the very outset for Marxism-Leninism as the ideological basis of its political activity, creates revolutionary vanguard parties and adopts the principles of internationalism. The growth of the process of revolutionary social transformations into more developed, popular-democratic forms is occurring or is planned in the states of this subgroup even today. The revolutionary-democratic forces in the countries of the other subgroup are characterized by an adherence to "national" versions of socialism and an underestimation of the significance of the class struggle and class nature of power capable of accomplishing the orientation toward the socialist reorganization of society.

III

The differences in the nature of the social structures of the oriental developing countries also form the basis of their foreign policy differentiation. It is important to take into consideration here the fact that it does not always and in all things coincide with these countries' internal formational differentiation. This circumstance is connected primarily (but not exclusively) with the fact that the overwhelming majority of young independent states is still in the initial phases of formational (and in the case of countries of a socialist orientation even at the stage of presocialist) development. Whence ensues the insufficiently close and organic interconditionality of foreign and domestic policy and the foreign policy course's relative "independence" of the internal formational orientation of social development. In the light of this it becomes more understandable why countries with such dissimilar and sometimes diametrically opposite formational characteristics can unite in a common movement like nonalignment.

Another factor reflected in a developing country's foreign policy orientation is its involvement in some regional conflict or the other, which could impart an anti-imperialist hue to individual aspects of the foreign policy of this as a whole pro-imperialist regime or the other, as is the case in the

Near East, for example. Or, on the contrary, interference in a conflict (between Arab and non-Arab states, say) on the basis of national-ethnic "solidarity" could introduce rightwing-nationalist and reactionary-chauvinist elements to the foreign policy course of this country or the other pretending to a progressive orientation.

Nonetheless, in the plane of a more or less broad historical panorama certain regularities of the foreign policy differentiation of the developing countries depending on the nature of their formational development may be traced. One such regularity is that states in which the relative significance of the forms of production inherited from colonialism in the GNP is comparatively slight and the formation of the domestic market has advanced quite far and serves as the principal basis of the development and strengthening of a national capitalist structure (including its private and state forms) are characterized by an independent foreign policy course and an active positive role in the nonaligned movement (India and others). A pro-imperialist orientation, on the other hand, is, as a rule (but not without exceptions) adhered to by countries in whose social structure a considerable place is occupied by colonial components based on raw material specialization, particularly those firmly tied to an unequal division of labor. The "association status" of a large group of emergent states (particularly of Africa) with the EEC, for example, serves as a typical manifestation of this.

Of course, political power may perform an active and, as noted earlier, relatively independent role. If the specific correlation of forces has enabled radical petty bourgeois forces to come to power, they may attempt to pursue an anti-imperialist policy, despite the economy's profound dependence on the international capitalist division of labor. Such was the case, for example, in the period of rule of President Sukarno in Indonesia. But the relative nature of the independence of state power under such conditions is manifested in the fact that it is not enough to confine oneself merely to foreign policy anti-imperialist acts to be successful. The consistent anti-imperialism of foreign policy must be underpinned by fundamental internal transformations in the social and economic spheres. Otherwise, the traditional basis relations will overturn this inconsistent political superstructure. On the other hand, although in the years of independence it has not experienced such stormy and radical outward manifestations of anti-imperialism at the state level as Indonesia, India has nonetheless advanced considerably in the plane of the formation of an independent foreign policy and economic course.

Throughout the 1970's a tremendous influence on the processes of the political differentiation of the emergent states was also exerted by such interconnected factors as the unevenness of the development of capitalism in these states and the increased selective approach to them of neocolonialism. As a result distinctive new centers of financial influence and enclaves of export-industry production are distinguished among the capitalist developing countries.

In the first case it is a question of the conservative OPEC states with huge petrodollar reserves. Their "attachment" to imperialism is realized via a system of recycling petrodollars in the Western money markets and by way of contracts which are fantastically profitable for the transnational

corporations for the installation in these countries of industrial, infrastructural and simply prestige facilities in the form of "triangular agreements," within the framework of which the transnational corporations supply the technology, equipment and the specialists and the "rich" Arab country the financial resources, which are invested in a third (developing) country. Many OPEC states have already become at the present time a major source of financing for many developing states. In 1980 the net assistance allocated by the Arab OPEC countries on a bilateral basis or via international organizations constituted more than \$6.8 billion (compared with \$365 million in 1970). To those of them which make a particularly large contribution to the financial organizations controlled by imperialism and in which this latter has the greatest interest neocolonialism is prepared even to grant a somewhat bigger "place in the sun" (as was the case with Saudi Arabia, which recently acquired a higher level of representation in the IMF).⁷

In the second case it is a question of comparatively small countries and territories which attract the transnational corporations by the cheapness of skilled manpower and privileged terms for their activity (Singapore, Hong Kong, Taiwan, South Korea). Local capital in such enclaves has been able to "attune itself" to the transnational corporations as junior partners and rapidly develop new sectors of processing industry oriented toward exports both to other developing and developed capitalist states.

The processes of foreign policy differentiation are manifested in the ranks of the nonaligned movement also. A left, consistently anti-imperialist wing, moderate centrists and a right, conservative wing which is prepared for substantial compromise with imperialism, on certain strategic questions of the struggle against neocolonialism included, have already emerged within this movement. Significance in this connection is attached today to the problem of the asynonymous nature of the anti-imperialism of different groups of developing countries. The many-sidedness of anti-imperialism is becoming increasingly manifest. It is determined by the dissimilarity of its inner content, that is, the multilevel nature of the aspirations of the sociopolitical forces (revolutionary democracy, national-bourgeois forces, traditionalists and so forth) which operate under the banner of anti-imperialism. But whence also ensues the possibility of the further differentiation of the developing countries.

Thus if we are to speak of the countries in which revolutionary democracy is in power, their consistent orientation toward socialism has as an inevitable consequence not only the preservation or even intensification of anti-imperialism but an increasingly great shifting of accents therein from national to social-antagonistic features. Where the local bourgeoisie has proven capable of taking possession of the levers of state, there will be a gradual weakening of anti-imperialism and the involvement of such countries in the system of contradictions characteristic of the world capitalist system as the positions of national capitalism strengthen and state-monopoly trends grow. Traditionalist-type contemporary anti-imperialism is also profoundly heterogeneous. Bourgeois-conservative, radical petty bourgeois and egalitarian and retrograde-medieval motives are usually interwoven therein. The subsequent evolution and fate of such anti-imperialism--its intensification and possible

alliance with the revolutionary-democratic forces, wilting and compromise with bourgeois-nationalist circles or defeat and disappearance from the political arena--will largely depend on the specific correlation of the political forces in this country or the other.

Outside of the nonaligned movement integration trends also have been discerned more distinctly in recent years. This is manifested, in particular, in the further expansion and strengthening of the cooperation of the countries of a socialist orientation in the sphere of foreign policy, economics, culture and defense both between themselves and with the socialist community states. With the acceleration of the capitalist development of some developing countries there is also a strengthening of the trends of regional unification, the basis of which is formational uniformity (the ASEAN grouping may today serve as the most striking example in Asia). It is also significant that among the reformist circles in Asian and African states which earlier were attracted by concepts of the "special" and "third" ways of development their bourgeois orientation is showing increasingly distinctly today. In the international plane this new feature is manifested in the growing alliance of some of the reformist forces with the Socialist International, which was officially recognized in the creation of regional (African and Asian) Socialist International organizations in 1981.

In turn, the states in which essential components of traditionalism have been preserved are also making integration efforts internationally. This applies particularly to the Islamic countries. Of course, under current conditions the old, purely traditionalist idea of the unification of the Muslim peoples in a single Islamic state can no longer be taken seriously, and for this reason the Islamic Conference Organization, which was created in 1969 and which unites approximately 40 states and the PLO, is merely a pale reflection of the traditionalist past. In its structure this organization is of many different colors, uniting both countries of a socialist orientation and the most conservative and reactionary regimes. These latter were once the initiators of the creation of the organization, aiming to use it in their own interests.

An analysis of the processes of the sociopolitical differentiation of the developing countries fully corroborates the proposition of the CPSU Central Committee report to the 26th party congress concerning the situation in this part of the world: "These countries are very diverse. Some of them, following liberation, have taken the revolutionary-democratic path. Capitalist relations have been established in others. Some of them are pursuing a genuinely independent policy, others are today following the lead of the policy of imperialism. In a word, a motley picture." The law discovered by V.I. Lenin of the unevenness of the development of capitalism operates today in the zone of the emergent states also, and, furthermore, in accordance with the worldwide trend of an acceleration of social development processes, this law is being manifested here in even greater relief. It is perfectly clear that with the further course of world events such a phenomenon as the differentiation of the developing countries will acquire increasingly great significance and exert a growing influence on the general alignment of forces in the world.

FOOTNOTES

1. The efforts in this sphere of former Indonesian President Sukarno are a graphic example of this. It has been mentioned repeatedly in foreign and Soviet literature that in resorting to methods of the mass politicization of the population and employing nationalism and patriotism Sukarno did much for the country's national-state integration. This is indisputable. But his efforts were ineffective in many respects precisely for the reason that he ignored other important questions of the society's national-state consolidation (particularly the social and economic).
2. See, for example, L.I. Rudolph, S.H. Rudolph, "The Modernity of Tradition. Political Development in India," Chicago and London, 1972; P.R. Brass, "Congress, the Lok Dal and the Middle Peasant Castes. An Analysis of the 1977 and 1980 Parliamentary Elections in Uttar Pradesh" (PACIFIC AFFAIRS No 1, Spring 1981).
3. See, for example, N.D. Palmer, "Elections and Political Development: The South Asian Experience," London, 1975; S. Eldersveld, B. Ahmed, "Citizens and Politics: Mass Political Behavior in India," Chicago-London, 1978.
4. "Development Cooperation. Efforts and Policies of the Members of the Development Assistance Committee. 1981 Review," OECD, Paris, 1981, p 120.
5. We recall V.I. Lenin's words: "...imperialism and finance capital are the superstructure over old capitalism. If its upper crust is demolished, the old capitalism is revealed" (V.I. Lenin, "Complete Works," vol 38, pp 154-155).
6. As distinct from this, in India the processes of the development of state-monopoly capitalism are proceeding in accordance with a kind of "middle" (between the "cone-forming" and "skyscraper") model. Elements of state-monopoly capitalism are accumulating here both "from below" (growth of private monopolies) and "from above" (state capitalism), which is also a factor contributing to the relative stability of the existing political system.
7. "Development Cooperation... 1981 Review," pp 14, 226-227.

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OPEC-THIRD WORLD INVESTMENT, TRADE, AID TIES DETAILED

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[Article by I. Seyful'mulyukov: "The OPEC Countries' Economic Cooperation With Other Developing Countries"]

[Text] The expansion of economic cooperation between developing countries is an important point of the platform of the new international economic order which they have put forward. Such cooperation is intended, in their opinion, to lessen the young states' dependence on the industrially developed capitalist countries and contribute to a certain extent to a reorganization of world economic relations on a just and equal basis. Favorable conditions for this evolved in the 1970's. The concerted appearances of the emergent states in international fora devoted to world economic problems showed to them the entire importance of joint actions in the face of the imperialist West. The emergence as the result of differentiation processes in the developing world of a group of oil-exporting states and also a group of countries exporting finished products, services and technology is creating certain prerequisites for the surmounting of the appreciable obstacles in the organization of trade-economic relations between developing countries.

I

The increased price of liquid fuel together with the increase prices of finished products exported by the developed capitalist states and the slowing of exports from the developing countries as a result of the economic recession and increased protectionist barriers in the West sharply increased the young oil-importing states' balance of payments deficits.

Table 1. Result of Balance of Payments of OECD Countries and Developing Countries (\$, billions)

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
OECD countries	19	-16.2	12	28	-10	-48	-10
OPEC countries	9	62	30	5	64	113	64
Other developing countries	-11.5	-31.5	-37	-30	-48	-71	-80

Sources: ECONOMIC OUTLOOK. OECD, July 1980, p 65; December 1981.

The bulk of the financial surpluses of the oil-exporting countries was, however, channeled into the West in the form of bank deposits and direct and portfolio investments.¹ From 1974 through mid-1980 the developing countries accounted for only \$48.2 billion or 17.2 percent of the foreign investments of the OPEC states,² which believed investing capital in the developing world to be unduly risky. The bulk of the petrodollars entered the developing countries via Western banks, which accounted for approximately half of OPEC's foreign investments. The main intermediary link in this trilateral recycling mechanism was the Eurocurrency market. The loans obtained by the young states on this market increased from \$7.1 billion in 1973 to \$35.3 billion in 1979.³

However, signs of disorder had begun to appear in this mechanism by the start of the 1980's. The foreign debt of the developing oil-importing countries had risen to \$388.9 billion by the end of 1981.⁴ The increase in the proportion of private sources of external financing, primarily bank credit, payments in respect of which had risen to 20 percent per annum, had a particularly unfavorable effect. This unchecked extension of credit was a factor which contributed to the disruption of the proportions between internal capital and the loan capital of the major banks of the United States and West Europe, which, in addition, exceeded the permissible limits of credit to individual debtors. For these reasons there came to be in 1980 an increase in the interest rates and a reduction in the terms of the credit issued to developing countries, which led to an absolute reduction in the loans they received.

Making good the reduction in the extension of bank credit to the developing countries thanks to an increase in assistance to them from the developed capitalist countries or by way of an expansion of the financing thereof by the IMF and IBRD is proving practically infeasible. The financial aid of members of the OECD Development Assistance Committee is actually growing extremely slowly. The policy of the IMF and IBRD is a reflection of the interests of the United States and the other countries heading these organizations. The West is attempting to attract capital of the oil-producing states to finance programs of these institutions while reserving for itself the right to dispose of the credit. Nor is account taken of the interests of the recipient developing countries inasmuch as the amount of the IMF loans is negligible and the terms connected therewith frequently contain provisions unacceptable to the young states.

The developing countries link big hopes with increased direct financing on the part of the oil-exporting countries. However, it should hardly be expected that the OPEC states, motivated solely by good will, will channel the bulk of their capital into the markets of the developing countries, which are unknown to them and less reliable. It should be borne in mind that the Arabian peninsula, which is economically and politically closely connected with the West, accounts for the overwhelming part of this capital. There are, nonetheless, objective factors which could influence the OPEC countries' investment strategy. Inasmuch as oil is their sole and finite resource they naturally would like to convert the proceeds from the exports thereof into a reliable source of income. Bank deposits cannot serve this purpose, being subject to constant devaluation as a result of inflation and until the recent past the decline in the exchange rate of the dollar, in which 65 percent of their foreign bank

deposits are measured. In addition, the freezing of Iranian assets in American banks in November 1979 showed that the United States could use its control over their investments as an implement of political pressure.

OPEC's long-term strategy therefore provides for the investment of a considerable proportion of financial surpluses in production and not in monetary resources. Considering the restrictions which the Arab states encounter in purchasing stock in Western companies, it might be assumed that investments channeled into the developing world would grow. These investments would, furthermore, accelerate the recycling process and contribute to a reduction in surplus international liquidity and, consequently, a reduction in inflation. There are other factors contributing to the expansion of the oil-exporting countries' direct participation in the financing of other developing states. We will mention them below.

II

A considerable proportion of the flow of finance from the oil-exporting states to other developing countries, the total volume of which increased from \$1.3 billion in 1973 to \$7 billion in 1980 (see Table 2), moves along assistance lines. It is granted on a bilateral intergovernmental basis; via national and international development funds; and via organizations which are a part of the UN, IMF and IBRD system. The proportion of assistance rendered on a bilateral basis constituted 70 percent in 1977-1979.⁵

Table 2. OPEC Assistance to Developing Countries

	<u>\$, billions</u>				<u>% of donor-country's GNP</u>		
	<u>1973</u>	<u>1975</u>	<u>1979</u>	<u>1980</u>	<u>1975</u>	<u>1979</u>	<u>1980</u>
Total	1.3	5.5	6.1	7	2.6	1.5	1.4
Including							
Arab countries	1.3	4.9	6	6.8	5	2.8	2.3

Source: "Development Cooperation 1981, Review," OECD, Paris, 1981.

The OPEC countries grant two kinds of aid: the financing of the balance of payments and development projects. In 1980 the second area accounted for only 21 percent of all payments on a bilateral basis, but, in accordance with OPEC's long-term strategy, should prevail in the future. Priority is given here to energy, food and other projects which strengthen the self-sufficiency and cooperation of the developing countries. Together with the assistance of the OPEC countries and their funds loans are extended on commercial terms also. In the period 1974-1980 such nonprivileged credit constituted an average of \$1.3 billion annually.⁶

A comparison of the assistance of two groups of donors--OPEC and the Development Assistance Committee--shows that it constitutes a considerably greater proportion of GNP in the first: 1.7 percent compared with 0.35 percent in the period 1973-1979.⁷ Attempting to disunite the developing countries

and absolve itself of responsibility for the economic situation of the poorest of them, the West is accusing OPEC of all the economic difficulties being experienced by the young states and demanding of the oil-exporting countries a considerable increase in financial assistance. The big liquidity reserves built up by certain OPEC countries, which allegedly testify to their wealth, serve as the main argument here. However, there is a confusion here of the concepts of real wealth and liquidity, which are far from the same thing. The principal real wealth of the OPEC countries is oil--a finite resource which they sell on Western markets, obtaining in exchange depreciating monetary resources in amounts considerably in excess of their financial requirements. In absolute terms the wealth of the OPEC countries is not to be compared with the wealth of the OECD countries. The aggregate GNP of the first equals only 7 percent of the total GNP of the second and is six times less than this indicator for the United States.⁸ GNP in the OPEC countries consists to a considerable extent here of the production of a finite resource. Half of the OPEC members constantly or periodically have big payments deficits and are major debtors in the capital markets. Such countries as Algeria, Nigeria and Iran with their large populations cannot allocate large sums for the assistance funds, while Indonesia, Gabon and Ecuador are not donors at all. The assistance of the Arab OPEC members (excluding Algeria), on the other hand, in this period constituted, according to our calculations, approximately 4 percent of their aggregate GNP.

There are appreciable differences between the aid granted by the oil-exporting countries and the aid of the developed capitalist states in terms of the functions it performs also. With the latter it frequently serves to promote exports since the loans are connected with the need for them to be used to purchase goods of the donor country, at prices, as a rule, far above average world prices. The aid is often accompanied by the conclusion of contracts on commercial terms. While not even formally connected, the assistance of these states serves the normal functioning of their own economies, expanding the sales market. According to OPEC Secretariat estimates, each dollar of assistance from the OECD countries increases the donor states' GNP by \$2-3.⁹ The OPEC countries' assistance does not bring them trade-economic benefits: in addition, it is also used to purchase goods and services of the industrially developed capitalist states.

At the same time the resources granted by OPEC are an important instrument of its members' policy. They have become a factor securing for them the developing countries' support in international debates on the energy problem and have contributed to the increased authority of the oil exporters in the international arena. However, inasmuch as the OPEC countries are highly heterogeneous in political relations, the goals of their assistance policy differ also. Such progressive states as Algeria and Libya are endeavoring by way of granting it to strengthen the anti-imperialist thrust of the developing countries' solidarity. The monarchical regimes of the Arabian peninsula (and in the past the shah's Iran also), on the other hand, are concerned to prevent progressive transformations in the countries which they assist and to weaken the anti-imperialist trends there.

Separate mention should be made of "Arab solidarity assistance," that is, the resources which the OPEC states grant the Arab countries which are the victims

of Israeli aggression. It is a question of Syria and Jordan and also Egypt, which prior to 1979 was the biggest recipient of OPEC assistance (prior to the conclusion of the "peace" treaty with Israel). But even excluding Egypt the Arab countries account for two-thirds of this assistance.

The fact that a very big proportion of resources is granted the Muslim, particularly Arab, states by OPEC gives rise to the discontent of other developing countries, the more so in that certain states receiving the aid (Syria, Egypt, Oman) themselves produce oil in certain quantities, that is, are in a more advantageous position than the net oil importers. The latter believe that it is into them that the bulk of OPEC assistance, which, they believe, would be designed to compensate the harm caused them by the increased price of oil, should be channeled.

However, OPEC categorically rejects the idea of compensation, as, equally, proposals on the introduction of preferential oil prices for the developing countries. The point being that if the assistance granted by OPEC were determined by the principle of compensation and were directly linked with the cost of oil imports, the bulk of this assistance would have to be channeled into the comparatively developed, "new industrial countries". Thus eight states and territories, including Brazil, India, Singapore, South Korea, Taiwan and Hong Kong, account for 70 percent of all the developing world's oil imports.¹⁰ This is explained by the fact that it is precisely in these countries that there is a relatively high level of industrial development and, correspondingly, a greater need for liquid fuel. At the same time, on the other hand, the least developed countries, which do not have any significant industry and which therefore are not in such acute need of oil, would remain outside the limits of the assistance granted by OPEC, yet it is in these countries that the disastrous situation, hunger and poverty are the worst.

At the same time the oil-producing countries were forced to take account of the criticism on the part of other young states. They therefore adopted, for example, the decision to guarantee the developing countries the priority and stability of supplies of fuel in periods of a shortage thereof. In August 1980 Venezuela and Mexico (the latter not an OPEC member) signed an agreement on the supply to nine Central American and Caribbean countries of 160,000 barrels of oil a day. For 30 percent of the cost a favorable 5-year loan (4 percent annual interest) or for 20 years at 2 percent annually is granted if the resources are used to develop local energy sources.¹¹ Iraq has been supplying the developing countries with oil for several years now, granting them favorable credit for part of the price. Algeria, Libya, Nigeria and Gabon are examining the possibility of such an agreement for their African customers.

Several new initiatives were presented connected with an increase in OPEC assistance. Thus Iraq proposed the creation of a global energy and development fund to which the industrial capitalist and oil-exporting countries would make deductions, depending on the increase in inflation and oil prices. Iran put forward the idea of the creation of a fund into which the OPEC countries would deduct 10 percent of their additional revenue from increased oil prices. Finally, Algeria and Venezuela proposed the founding on the basis of the OPEC International Development Fund, whose capital now constitutes \$4 billion, of a

bank with a capital of \$20 billion. Initially perceived negatively as too ambitious and premature, this proposal was subsequently adopted, in the main, at the meeting of OPEC oil ministers in May 1981 in Taif. According to the plan, the bank, which will begin operations in 1983, will issue credit of a varying degree of favorability depending on the level of economic development of the recipient country.

Although the amount of OPEC aid may increase in the next few years, it will nonetheless be of a provisional nature since the oil-exporting countries are interested in the most profitable investment of their capital. For this reason the main increase in the financial flow could most likely be along mutually profitable cooperation lines.

III

In 1973-1974 the Arab countries' banking system was unable to assume the profitable business of petrodollar recycling owing to its underdevelopment, lack of ties to the developing world and shortage of skilled personnel and experience. However, even then the endeavor to increase control over their own financial resources forced them to take the path of the creation of consortia in conjunction with West European and Japanese banks: the Arab and French Banks Union, the Arab International Investment Fund, the Franco-Arab Bank, the Arab and European Banks Union, the Arab and Japanese Banks Union and others. In the latter half of the 1970's these banks stepped up their activity considerably and increased their capital and created a network of affiliates, some of which became major creditors on the Eurocurrency market.

However, this situation soon ceased to satisfy the Arab investors, who aspire to a more independent role in the recycling process. In this connection the formation of a new international finance center, whose reserves at the end of 1980 constituted \$37 billion, began in 1975 in Bahrain.¹² The International Gulf Bank with the participation of seven Arab Gulf states was formed there in 1977. The Arab Banking Corporation with its own capital of \$1 billion belonging to Kuwait, Libya (40 percent of the shares) and Abu Dhabi (20 percent) was created in Bahrain in 1980.

The state and private banks of the Arab countries, including the National Commercial Bank of Saudi Arabia and the national banks of Kuwait and Abu Dhabi, have been displaying growing interest in recent years in international activity. The main sphere of activity of the Arab banks in the developing world is intraregional cooperation. The possibilities of the creation of a common finance market of the Arab countries and a regional currency union are being discussed. An inter-Arab corporation for guaranteeing capital investments is operating even now.

The Arab banks' interest in other developing countries, primarily those which have their own banking infrastructure and also trade-economic relations with the Near East, is also growing. The Arab-Latin American Bank (Arlabank), which now has branches in Bogota and Bahrain, was created in 1978 in Lima for cooperation with Latin America. Sixty percent of the bank's own capital, which had reached \$200 million by 1981, belongs to the Arab shareholders and 40 percent

to Latin American shareholders. The National Commercial Bank of Saudi Arabia is a shareholder of Brazil's Bazano-Simonsen and in conjunction with the Riyadh Bank controls one-third of the shares of the Madrid Saudi-Spanish Bank, which also operates in Latin America. Kuwait owns shares in the London Arab-Venezuela Bank. In the Caribbean countries, which have liberal banking laws, 33 financial institutions with the participation of Arab capital were operating by the end of 1980. Large-scale credit from Arab banks has been obtained by Brazil, Argentina, Mexico, Venezuela, Ecuador, Chile and Panama. Thus in 1980 total credit in which the Arabbank participated constituted \$2.4 billion and in the first half of 1981 more than \$2 billion.¹³

Affiliates or branches of Arab banks operate in Southeast Asia and East Asia: Hong Kong, Singapore and Ceylon. The field of their activity is financing trade-economic relations between the two regions, insurance against the losses of Asian contractors operating in the Near East and so forth. Large-scale Arab credit has been obtained by South Korea, Taiwan and also the majority of ASEAN countries.

The capitalist investments of the OPEC countries in the developing world are as yet growing extremely slowly, the reason for this being the lack of experience and the traditional cautiousness of the Arab investors. The main area of investments remains the Arab world, but they are also being received by Latin American and Southeast Asian states. In order to accelerate the economic development of the Arab countries the Arab Investment Company, which grants credit and is acquiring stock of enterprises mainly of the private sector, was set up in Riyadh in 1974. By the end of 1980 the Arab Investment Company disposed of capital of \$477 million, half of which has been invested in development plans and stock.¹⁴

Kuwait, which is the most active among the OPEC countries in the sphere of direct investment, took the path of the creation of joint ventures with the participation of local capital. In 1975 two Kuwaiti state investment companies in conjunction with the National Bank of Economic Development of Brazil created the Arab-Brazil Investment Company, in which they have acquired half of the shares. In 1980 the Kuwaiti Government acquired 10 percent of the shares of the Brazilian affiliate of the Volkswagen Company with a value of \$115 million.¹⁵ Arab investors were attracted by the fact that this enterprise is based on modern Western technology combined with cheap local manpower. Furthermore, Volkswagen do Brasil participates in the production of automobiles using ethanol, which corresponds to the tasks of the quest for alternative energy sources. The United Arab Emirates are also a part of direct investment activity. Thus in India the United Arab Emirates intend to invest capital in the construction of an oil refinery.

There are Arab investments in Pakistan, Malaysia, Zambia, Sudan and other developing countries. The creation of a joint investment bank of six Arab Gulf countries with a capital of \$3-6 billion, which was announced in June 1981, could possibly contribute to the expansion of relations in this area. The fund is intended to finance projects in the emergent countries.

Oil accounts for the bulk of the OPEC countries' foreign trade commodity turnover with other developing countries, which determines the considerable imbalance

therein (see Table 3). The oil-producing countries' implementation of accelerated economic development programs has enabled certain developing countries to considerably increase sales of their commodities, primarily finished products, to them. Thus in 1979 the main exporters to the OPEC countries among the developing countries and territories were Brazil, India, Singapore (more than \$1 billion each), South Korea (\$1.7 billion) and Hong Kong (\$900 million), which accounted for 45 percent of total OPEC imports from the developing world.¹⁶ It was precisely the increased volume of trade with the OPEC countries which enabled these states and territories to compensate somewhat for the slowing of exports to the industrially developed countries and prevent a lowering of their economic development rate. The growing number of contracts signed by contractors from the developing countries in the Near East is being accompanied by supplies of various equipment and materials. The competitiveness of the machinery and equipment produced in the developing countries is explained by the fact that, while based on modern technology, they are cheaper than their Western counterparts owing to the low labor costs, are better adapted to a tropical climate and are simpler to handle.

Table 3. OPEC Countries' Commodity Turnover With Developing Countries

	<u>Exports Fob</u>				<u>Imports Cif</u>			
	1973		1979		1973		1979	
	\$, millions	%	\$, millions	%	\$, millions	%	\$, millions	%
Africa	505	6.9	2,687	6.2	336	11.4	972	7.4
Near East	659	9.0	3,775	8.7	695	23.6	1,457	11.1
Rest of Asia	2,533	34.6	17,241	39.9	1,397	47.4	7,899	60.4
Western hemisphere	3,629	49.5	19,457	45.1	520	17.6	2,757	21.1
Total	7,326	100	43,160	100	2,948	100	13,086	100

Estimated from "Direction of Trade Yearbook 1973-1979," IWF, New York 1980.

In 1978 finished products constituted 57.4 percent of the OPEC countries' total imports from the developing world. The import item second in significance is food, which accounts for 28 percent of the OPEC states' total imports.¹⁷ All OPEC members are net food importers, and, according to certain estimates, in 1990 they will be purchasing approximately 40 million tons a year of grain alone (for \$10 billion in 1979 prices).¹⁸ Endeavoring to reduce dependence for food on the West, which employs it as a lever of political pressure, in the 1970's even the OPEC countries increased their imports of grain, meat, poultry, coffee, sugar and cocoa from a number of Asian and Latin American countries. The particular attention to the financing of food projects in the developing world testifies that relations will expand in this sphere. As industrialization is pursued in the oil-exporting countries, there will also be an increase in their imports of industrial raw materials, which as yet constitute a negligible proportion of these countries' commodity turnover.

India and Brazil have in recent years already become suppliers of iron ore and concentrate to the Near East.

Despite the rapid increase in exports of the oil-importing developing countries to the OPEC states (an annual 28.2 percent in the period 1973-1979), their reciprocal trade is of an unbalanced nature, which is a principal cause of the payments deficits of the majority of young states. Owing to the increased oil prices, in the period 1973-1979 the cost of OPEC exports to the developing countries increased on average by 34.4 percent annually.¹⁹

The economic development programs adopted by the Near East oil-producing countries in the 1970's led to an unprecedented growth of expenditure on construction. The total value of advertised construction contracts signed in 1980 constituted \$39.1 billion and in 1981 some \$68.8 billion.²⁰ Approximately one-third of these contracts are being fulfilled by firms of India, Pakistan, Brazil, Turkey, the Philippines, South Korea and other developing countries and territories. Inasmuch as the majority of the projects being fulfilled currently are relatively simple infrastructural facilities (airports, highways and railroads, ports, residential and public buildings, dams, purification installations and electric power capacity) the developing countries with experience of such construction are competing successfully with Western and Japanese companies. Taking advantage of the cheapness of their manpower, they establish prices sometimes 30-40 percent lower than their competitors from developed capitalist countries.

South Korean contractors have achieved the greatest success in the Near East market. In 1979, for example, they signed contracts totaling \$3.7 billion, which constituted 9.3 percent of all contracts signed in this region.²¹ The main market for them is Saudi Arabia. In 1976 a major contract for \$1 billion was obtained here by the (Khinday) Company. The contract provides for the erection of various installations in the industrial center of Jubayl. In 1981 (Devu) Development signed a contract for \$1.8 billion for the construction of apartment houses in Benghazi and Tripoli (Libya).²²

There has been increased competition in recent years on the part of other Asian contractors taking advantage of even cheaper manpower. By mid-1981 the total value of contracts signed in the Near East by Indian state and private companies equaled \$4.1 billion.²³ The developing countries intend to make up for the lack of experience and inadequate capital base by way of the creation of consortia of their companies or associations with firms of industrially developed countries.

Brazilian companies are actively penetrating the Near East and other oil-producing states. Volkswagen do Brasil has built auto assembly enterprises in Iraq and Nigeria. The Mendes (Zhunior) construction firm is installing various facilities in a number of OPEC countries, including a 520-km railroad in Iraq. The cost of this project is \$1.5 billion, and it employs 8,000 workers, including 2,000 Brazilians.²⁴ Braspetro, a branch of the state Petrobras Oil Company, has in recent years signed contracts for the exploration and development of oil deposits with Iraq, Algeria, Libya, Iran, Gabon and other countries. Brazil is assisting a number of OPEC members in the development of agriculture, prospecting for various mineral resources and the development of new energy sources.

The majority of oil-exporting countries is now switching from the installation of infrastructural to more complex, industrial facilities. In the first half of 1981 expenditure on the realization of industrial projects in the Near East rose to 16.9 percent of the total cost of construction contracts compared with 7.6 percent in 1980.²⁵ This trend could have an unfavorable effect on the firms of a number of developing countries and territories, but not the South Korean, Brazilian or Indian, which have sufficient experience of the creation of sectors of the oil complex and metallurgy envisaged by the development strategy of the oil-exporting countries.

IV

The industrialization programs which are being implemented in the Arab oil-producing countries with negligible labor resources have noticeably increased the scale of manpower immigration. In 1975 some 1.7 million foreign workers, of whom Arabs constituted 75 percent and people mainly from South and Southeast Asia constituted approximately 25 percent, were employed in Saudi Arabia, Kuwait, Libya, Qatar, the United Arab Emirates and Iraq in 1975. Immigrants constituted roughly half the number of those employed in these countries (not counting Iraq),²⁶ and, furthermore, construction workers constituted 41.2 percent of them.

In 1980 the number of immigrant workers in the Near East had, according to certain estimates, to have reached 2.4 million or 55 percent of the number of those employed, while the proportion of non-Arab workers had to have risen to half of all immigrants.²⁸ The decline in the proportion of the Arab workforce is explained by its higher price and less elastic supply compared with the Asian workforce. Furthermore, the latter has well-oiled methods of forward contracting: through special hiring agencies and state organizations or by the construction companies directly. According to certain calculations, at the start of 1980 some 1.5 million Asian workers, including 300,000 Pakistanis, 200,000 Indians (in the Gulf countries alone)²⁹ and 133,000 South Koreans,³⁰ were working in the Near East.

For many developing states the transfers of immigrant workers from the Near East countries have become an important balance of payments' revenue item. In 1979, according to some data, such transfers constituted \$10 billion.³¹ In 1980 Indian workers forwarded to the homeland \$2.5 billion, which was twice as much as India's exports to this region,³² and in the 1979-1980 fiscal year Pakistani immigrants transferred, according to preliminary data, \$1.6 billion.³³

At the same time migration to the Near East is also creating many problems both for countries with a manpower shortage and for those which have a surplus. The governments of the Gulf oil-producing states are worried primarily by the social aspect of the problem. Back in 1975 immigrants constituted 25.4 percent of the population of Saudi Arabia, 51.6 percent of Kuwait, 58.8 percent of Qatar and 69.5 percent of the United Arab Emirates.³⁴ This situation is giving rise to certain fears in these states' ruling circles in connection with the problem of the "erosion" of their own population by the immigrants, loss of control and the penetration of radical ideas and an alien way of life.

Measures have been adopted in these countries in recent years in the sphere of regulation of immigration, primarily in terms of limiting the illegal influx of foreigners. In a number of cases at the time of the installation of industrial enclaves like Jubayl and Yanbu in Saudi Arabia, Shuaiba in Qatar and Ruways in Abu Dhabi the foreign workers live in isolation and when the term of the contract expires, leave the country.

Emigration also has serious negative consequences, in turn, for the countries supplying the manpower. While reducing unemployment, it creates a manpower shortage in certain sectors. Thus North Yemen's agriculture is suffering from emigration to Saudi Arabia. On the other hand, while improving the balance of payments, the immigrant transfers do not contribute to a growth of the GNP since they are used mainly unproductively.

V

The conversion of a number of oil-producing states into major exporters of capital is creating broad opportunities for the growth of their economic cooperation with other developing countries. However, from the viewpoint of the young states with serious payments problems this cooperation is insufficient. The economic relations of the oil-producing countries in the developing world are of a spontaneous nature and are determined by purely market factors. The Gulf countries with considerable financial surpluses are guided here by pragmatic interests and not considerations of anti-imperialist solidarity (merely financial assistance is, perhaps, an exception, it being conditioned rather by political or nationalist considerations). For this reason even in the Asian, African and Latin American countries a small group of comparatively developed countries which export finished products, services and technology accounts for the bulk of their trade-economic relations, whereas the bulk of the developing states gains nothing from such cooperation.

At the same time it would be wrong to explain the insufficiently rapid increase in cooperation solely by the narrow egotistical interests of the oil-producing countries. There are objective reasons also, primarily the continued domination of the leading imperialist powers in the world capitalist economy. By the time the oil-exporting countries came to possess considerable financial surpluses, they and their partners from the developing world lacked experience, an institutional mechanism and a sufficient number of skilled specialists for rapidly recycling these resources without the mediation of the West. Even the considerable increase in the flows of capital between the developing countries is not eliminating their dependence on the developed capitalist states, from whom they are forced to purchase capital in an industrial form.

Dozens of plans have appeared in the West in recent years with proposals for the organization of trilateral cooperation, wherein use would be made of the financial resources of the OPEC countries, Western technology and the natural and labor resources of the oil-importing developing countries. Such cooperation is already being effected in various spheres. Thus Arab funds have made available \$1.1 billion for 19 of 47 projects financed by the EEC in accordance with the assistance program pertaining to the 1st Lome Convention (1975-1980).³⁵ From the viewpoint of the international division of labor

such cooperation is in principle objectively necessary. However, in practice it leads to an increase in the developing countries' dependent position in the system of international economic relations. Indeed, where are the guarantees that the OPEC countries will not become a screen for preserving neocolonial dependence or that such cooperation would not serve the purpose of joint exploitation of the young states? The capital investments of the Arabian peninsula countries in the developing world are essentially in no way different from the investments of the developed capitalist states. They have a single purpose--obtaining the maximum profits by way of the exploitation of cheap local manpower and natural resources. Foreign workers from the developing countries are subjected in certain Gulf states to no less exploitation than in West Europe or the United States, and their living conditions and instances of discrimination are being rightly criticized by a number of emergent countries. Finally, the financial assistance rendered the young states is being used by certain Arab countries as a means of political pressure, and not only in pan-Arab interests but also for supporting reactionary regimes and changing the political course of the recipient countries.

New problems could arise in the future in the OPEC states' economic relations with other developing countries. Thus the development of the petroleum-refining and petrochemical industry in the OPEC states is increasing the underloading of the corresponding capacity in a number of developing countries. The energy-consuming sectors of industry envisaged by the development plans of the oil-producing states (particularly steel and aluminum) are proving, thanks to the cheap energy, more profitable here than in the oil-importing countries. Finally, as distinct from the other developing countries, the wealthiest oil-producing states can subsidize their "nonoil" exports for the penetration of new markets, whereas the majority of young states lacks this possibility.

The 1974-1975 oil "price revolution" put the OPEC countries in a particularly advantageous position in the developing world, enhancing their role in the world economy and enabling certain of them to solve, in the main, the financial aspect of the problem of accumulation. On the other hand, by virtue of oil's unique nature as a fuel and raw material, the other developing countries were unable to repeat the success of the oil-producing states, more, the energy crisis made their position considerably worse (the cost of liquid fuel imported by the developing countries increased from \$8 billion in 1973 to \$51 billion in 1980³⁶).

Did all this influence the community of interests of the oil-exporting countries and the other young states? Until now, despite all the difficulties and conflicts, the two groups of emergent states have managed, generally, to preserve a concerted position on questions of the reorganization of the international economic order. The decisive actions of the oil-exporting countries in 1973-1974, which struck a serious blow at imperialist domination in the sphere of international economic relations, were a reason for the convening in 1974 of the UN General Assembly Sixth Special Session, which marked the start of a new stage in the developing countries' struggle for the establishment of a new international economic order. The immediate initiator of this meeting was Algeria--an OPEC member. Subsequently, despite the intrigues of the West, which has been taking advantage of the developing countries'

difficulties connected with the increased oil prices to set them against OPEC, the oil-producing states have rejected separate negotiations with the developed capitalist countries and consented to discuss the energy problem only within the context of a general dialogue.

The OPEC states' use of the "oil weapon" set the oil-importing developing countries which are displaying an interest in expanding relations with the oil-producing states an example of how their natural resources may be used as a lever of pressure on the West. However, the solidarity of the oil-importing countries and oil-producing states is being seriously tested. Thus at the Fifth UNCTAD Conference in Manila (1979) a group of Latin American countries for the first time in such an international forum criticized OPEC for the damage caused the economy of the developing countries by the increase in oil prices. The same year at the Sixth Conference of Heads of Nonaligned States in Havana and later at the UN General Assembly 11th Special Session the question of OPEC's responsibility for the position of the developing countries was raised again. Recognition of the danger of isolation from the rest of the developing world forced the oil-exporting countries to seek ways to increase financial assistance to the other young states, a result of which were the above-mentioned initiatives of Algeria, Venezuela and others.

The successes which the oil-producing countries have scored have been possible thanks to the overall change in the correlation of forces in the world, the upsurge of the anti-imperialist struggle of the peoples of the developing countries and the assistance and support rendered them by world socialism. However, not all OPEC members have drawn conclusions for the future from this. The monarchies of the Arabian peninsula are disposed to using their increased influence not so much for assisting the establishment of new, fairer international economic relations as for achieving concessions from the West within the framework of the existing order. The growth of these countries' export revenues has led to their rapid integration in the Western economy, increasing economic and political dependence considerably, owing to which they are now far more fettered in decision-making than at the time of the 1973 oil embargo. The adoption of the Western development model has increased these countries' technological dependence sharply. A large proportion of the enterprises created here is oriented toward the markets of the main capitalist centers.

The Near East countries' dependence on food supplies from the United States and West Europe has increased even more in recent years. Despite liquidation of the concession system and the transfer of control over the level of production and the determination of the price of oil to the exporting countries, the oil monopolies are, as before, carrying out a large part of the refining, shipment and ultimate sale of liquid fuel, obtaining huge profits. In 1980 the OPEC countries accounted for only 7.5 percent of world petroleum-refining capacity,³⁷ while their share of the tanker fleet was even less. A significant proportion of the oil exporters' increased revenue returns to the Western countries via the inflation mechanism. In addition, when purchasing commodities or obtaining credit from the developed capitalist countries, the OPEC members often encounter discrimination in the form of overstated prices and interest rates.

The oil-producing states have yet to receive a satisfactory reply to their basic demands made within the framework of the North-South dialogue: for oil price

indexing proceeding from the level of prices of the finished products they purchase and for more equal participation in the shaping of IMF and IBRD policy. Thus despite certain successes achieved by OPEC in the past decade, the countries which constitute it have still far from done away with their economic dependence on imperialism. In addition, the aggressive nature of the West's policy in respect of OPEC has increased. The United States' military preparations around the Persian Gulf, the hostile acts in respect of Libya, the use in the interests of imperialism of the conflicts between oil-producing countries, an example of which is the Iran-Iraq war, and the growing arms exports to the Near East demonstrate the increased political and military pressure of the United States and its allies on the OPEC states.

In the very near future a whole number of factors will contribute to an increase in the oil-producing countries' dependence on the West, whereas reverse dependence will evidently decline as their oil resources are depleted and the consumer-countries switch to alternative energy sources. Only the unity of the developing countries in the struggle for fundamental structural transformations of the present international economic order will be able to ensure the true interests of the oil-producing states and also the equality and security of the entire developing world.

Thus the OPEC countries are linked to the other developing countries by common problems and long-term interests. Cooperation with them, particularly expanded investments, will bring not only certain purely economic benefits but also strengthen the positions of the entire developing world in the face of neocolonialist diktat. The OPEC countries' own future will largely depend to the extent to which they display an understanding of this most important fact.

FOOTNOTES

1. See MEMO No 1, 1982, pp 47-59.
2. PETROLEUM ECONOMIST, June 1981, p 237.
3. "Handbook of International Trade and Development Statistics". Supplement 1980. UNCTAD, New York, 1980, p 332.
4. "Trade and Development Report 1981". UNCTAD, New York, 1981, p 15.
5. THIRD WORLD QUARTERLY, April 1981, p 257.
6. "Development Cooperation 1981 Review," OECD, Paris, 1981, p 172.
7. Ibid., pp 174, 226.
8. OPEC BULLETIN, April 1981, p 31.
9. See THIRD WORLD QUARTERLY, April 1981, p 253.
10. See SOUTH, February/March 1981, p 10.

11. OPEC BULLETIN, May 1981, p 47.
12. "Arab Banking," MEED Special Report, May 1981, p 37.
13. "Latin America and the Middle East," MEED Special Report, September 1981, p 12.
14. "Arab Banking," MEED Special Report, August 1981, p 2.
15. LATIN AMERICA WEEKLY REPORT 4 July 1980, p 2.
16. Estimated from "Direction of Trade Yearbook 1973-1979," IMF, New York, 1980.
17. "Handbook of International Trade and Development Statistics. Supplement 1980". UNCTAD, New York, 1980, p 96.
18. "Dialogue for a New Order," 1980, p 148.
19. Estimated from "Direction of Trade Yearbook 1973-1979," New York, 1980.
20. MEED 30 October 1981, p 7; 26 February 1982, p 72.
21. Ibid., 25 January 1980, p 7.
22. "Construction and Contracting in the Middle East". MEED Special Report, March 1981, p XIV; MEED 23 April 1982, p 41.
23. MEED 9 October 1981, p 27.
24. "Latin America and the Middle East," MEED Special Report. September 1981, p 15.
25. MEED 30 October 1981, p 6.
26. J.S. Birks, C.A. Sinclair, "International Migration and Development in the Arab Region," Geneva, 1980, pp 132-137.
27. INTERNATIONAL LABOR REVIEW, September-October 1979, p 592.
28. J.S. Birks, C.A. Sinclair, Op. cit., p 166.
29. MEED 30 May 1980, p 3.
30. "Construction," MEED Special Report. February 1980, p 7.
31. "Trade and Development Report," UNCTAD, New York, 1981, p 50.
32. MIDDLE EAST INTERNATIONAL 18 September 1981, p 12.
33. MEED 16 May 1980, p 6.
34. J.S. Birks, C.A. Sinclair, Op. cit., p 148.

35. THE MIDDLE EAST, September 1981, p 68.

36. OECD ECONOMIC OUTLOOK, July 1980, p 127.

37. PETROLEUM ECONOMIST, July 1981, p 310.

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8850

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BOOK ATTACKING CURRENT WESTERN SOCIAL THEORIES REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1,
Jan 83 pp 139-141

[G. Ashin, M. Polishchuk book* review: "Bourgeois Ideology: Latest Reappraisal of Values"]

[Text] With each stage of the deepening of the general crisis of capitalism appreciable shifts begin to show within the framework of bourgeois ideology accompanied by a reexamination of the important theoretical propositions which form the basis of its economic, social and political strategy. The collective study in question is devoted to the specific features of the latest ideological reorganization which has been discerned in Western social science in recent years.

An analysis of this process testifies to the appreciable influence on the shaping of the contours of the ideology of the 1980's of bourgeois theorists' recognition of the fact that the severe ailments which have afflicted the West's social-economic and political institutions are manifesting a tendency to develop into a chronic illness.

Before the court of the disenchanted bourgeois consciousness today is primarily the so-called "techno-intelligence"--the system of technocratic views and concepts which quite recently even were nurturing private-enterprise optimism and a belief in the boundless possibilities of development under the conditions of capitalist reality. Building its vision of history on the postulates of the "continuousness of economic growth" and the "identification of scientific-technical development and social progress," the ideology of the 1960's, which was oriented toward the ideas of a technocracy, announced the entry of the developed Western countries into the highest phase of historical development and the era of the "end of ideology". It proclaimed the onset of the era of "consensus" and class harmony as a result of exclusively technical achievements, growing mass consumption and the domination of pragmatic principles. The reality of the 1970's, as the monograph in question shows convincingly, put an end to the state of ideological euphoria and undermined the belief in the "axial (determining) principle" of the technocratic model of thinking and the omnipotence of technical facilities in the solution of strictly social, human problems.

* "V poiskakh ideologicheskogo obnoveniya. (Kritika sovremennykh antimarksistskikh kontseptsii)" [In the Quest for Ideological Renewal (Critique of Modern Anti-Marxist Concepts)], Exec. ed. Doctor of Economics S.V. Pronin, Moscow, Izdatel'stvo "Mysl'," 1982, pp 322.

The end of the "industrial era" within the group of theorists concerned by the fate of capitalism is perceived as an appeal for a reassessment of the scale of priorities of social values and as a pretext for a critical reinterpretation of the theories and doctrines which even quite recently constituted the store of the bourgeoisie's ideological arsenal. Such well-known Western experts in the sociopolitical structure of capitalism as R. Dahrendorf, A. Etzioni, A. Smith, S. Huntington and others have been forced to acknowledge the crisis of the political-ideological doctrines of the stabilization of capitalism. The devaluation of the political values expressed in the "sovereignty of the people," "bourgeois democracy," "parliamentary mechanism" and so forth categories is emphasized particularly here. In general, as the Western specialists observe, while pretending to an important role in the system of the theoretical set of instruments for the development of the "scientific" justification of capitalism bourgeois sociology is presently experiencing a period of decline. The increasingly broad recognition of the crisis of entire disciplinary blocks and the entire complex of the bourgeois philosophy of life is being used by the ideological upper stratum which services state-monopoly capitalism for prompting theorists to the elaboration of a "new political philosophy" opposed to historical materialism.

An analysis of the diverse and insistent attempts, which are aimed at having a far-reaching effect, at the ideological "renewal" of the West is the core of the book under review. The authors' proposition that the need for a more in-depth investigation of the reorganization of the bourgeoisie's ideological strategy which is currently under way arises with particular seriousness under current conditions and that the task of ascertaining the new points in the reasoning and methodological principles of the bourgeois world outlook is becoming urgent appears warranted.

The work attracts attention primarily by its many-sided and comprehensive approach to the problem in question. Bourgeois ideology is viewed in the context of a single set of anti-Marxist theoretical constructions whose content typology is distinguished by great complexity. Such a method makes it possible to reveal in greater depth the singularities of the mechanism of the bourgeois consciousness' mediation of the evolution of sociopolitical, economic and cultural-ideological factors of social development.

The analysis of the structural singularities of bourgeois ideology and the revelation of the functional connections of the latter with state-monopoly regulation of the economy and the specific features of its refraction in the processes in the socio-psychological, political and historical plane would seem to be a very valuable feature.

We should also point to the following distinctive aspect of the monograph--the problems of ideology are examined in two dimensions, as it were. First, it is a question of the "innovations" being introduced to the basic blocks of bourgeois social theory--to political economy, sociology and political science. Second, an analysis is made of the summary concepts of social development of an interdisciplinary nature. In the latter, as the work correctly notes, the specific features of historical development are determined from the viewpoint of absolutization of this "factor" or the other, termed in the language of

"post-industrialism" "axial principles". It is a question of such categories as "scientific-technical progress" and "efficiency promotion," which appear in various bourgeois concepts of an industrialist sense in the form of suprasocial, supra-historical abstractions.

The quest for that which is common which characterizes the sectorial theoretical disciplines and the entire complex of bourgeois ideology of the 1960's through the start of the 1980's may be considered an important feature of the study. The attempt at a summation on such a level is to be welcomed in every possible way.

The considerations advanced by the authors of the work in connection with the problem of the unity of criteria of a classification of bourgeois political economy thought (pp 59-61) would seem interesting. The analysis of the apologist state of affairs of contemporary Western political economy is made on the basis of the example of a critique of various concepts of the "transformation of capitalism," particularly of the views of K. Boulding, P. Drucker and J. Galbraith. The critical investigation of a variety of "neo-Marxist" currents seems pertinent. The acknowledgment of the West German philosopher O. Habermass: "We will most likely continue to spin things out, most probably for the worse rather than the better, with the aid of various forms of modified Keynesianism" (pp 71-72) appears highly symptomatic against the background of the general efforts of bourgeois theorists aimed at a certain "reformation" of capitalism and a streamlining of the practice of state-monopoly regulation in the 1980's.

Processes, similar in their class thrust, of reorganization can also be observed in the sphere of sociology, attempts at the construction of which are based, as a rule, on an eclectic mix of elements of subjectivism of a phenomenological sense and Parsonite normativism. To illustrate this evaluation the work examines the so-called "structural sociology" of (E. Tirak'yan), whose basic principles are the ideas of Merlo-Ponti and T. Parsons.

In the sphere of political science the "new" trends appear primarily in the form of a broad spectrum of concepts distinguished by garish titles--the "anthropologo-mechanical" and "bio-rationalist" and the "political culture" and "policy formation" theories (pp 165, 166, 167). The "reforms" and "modernizations" proposed in this context revolve within a closed circle of apologist ideas and outlines which are summed up in the book's final chapter, which is devoted directly to the theory of ideological constructions. The specific features of bourgeois theorists' contemporary evaluation of the social role and functions of ideology and its gnosiological and social principles are revealed and the results of the "renewal" of the ideological components of Western social science are summed up here.

As the book observes, the outlined changes in the methodology of bourgeois ideology are a tribute to the times and are undoubtedly connected with the objective processes of the increasing complication of the subject in question--social relations and the ideological constructions which reflect them. At the same time, the authors sum up, "refinement of the analytical apparatus will not permit bourgeois theory to properly characterize reality and explain the regularities of the development of theoretical social knowledge inasmuch as

this apparatus is aimed at an analysis of partial problems which are unconstructive in their socio-historical significance" (p 323).

An important place in the work is occupied by the thought that the "re-ideologization" proceeding against a background of an intensification of the confrontation of the socialist and bourgeois ideologies which is being observed in the West currently cannot be successful. At the same time we should not lose sight of the fact that the bourgeoisie's current ideological counteroffensive is not a short-term tactical but a strategic campaign aimed at a long historical period.

In this connection there is a special resonance in the proposition according to which in the ideological struggle of the two social systems an increasingly large place is occupied by questions of a global, human plane, primarily the problems of war and peace. It is in this sphere that bourgeois ideologists, taking account of the growing role of the subjective factor, particularly the ideological orientation of the masses, are exerting considerable effort in order to turn ideology into a factor of the West's sociopolitical strength and an important weapon in the struggle against the socialist world (p 21).

The discursive analysis of the deep-lying shifts in the structure and orientations of the methodology of modern bourgeois ideology occurring, as the CPSU Central Committee report to the 26th party congress observed, against the background of the further exacerbation of the general crisis of capitalism which is presented in the monograph are reason to conclude that our social science has been enriched by a serious new study.

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8850

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U.K. BOOK ON NUCLEAR DETERRENT REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 1,
Jan 83 pp 141-143

[V. Davydov book* review: "The Blind Alleys of Militarist 'Thinking'"]

[Text] The book in question "Nuclear Deterrence. Implications and Policy Options for the 1980's" collates the results of the Second International Conference for Studying the Problems of Peace and Conflict which was held in Essex (Britain). At the center of its attention were questions connected with the policy of "nuclear deterrence"--the nuclear arms race, the "limited" nuclear war doctrine and nuclear proliferation.

In the foreword to the work its editors--Dr B. Newman from a polytechnical institute and M. Dando from Bradford University (Britain)--emphasize that in the modern world, when the nuclear potential which is already stockpiled is capable of destroying everything living on the planet, vital importance is attached to the task of finding ways to prevent the impending catastrophe. The successful accomplishment of this task is being impeded to a considerable extent, however, by the diametrically opposite approaches of certain social groups in the West European countries and the United States to an evaluation of the significance of nuclear weapons and, correspondingly, nuclear strategy in the plane of the interests of the West's "security". The editors believe that the constant functioning of discussion fora at which the views of military circles on the one hand and supporters of nuclear disarmament on the other could be contrasted could contribute to a considerable extent to a coordination of viewpoints on the need for this step or the other in neutralizing the existing threat of war emanating from the policy of "nuclear deterrence" (p IX). It is natural that the book reflects the polar viewpoints and sharp debate currently under way in the West on questions connected with nuclear weapons.

Prof P. Naylor of the Royal Naval College (Greenwich) believes that the policy of deterring a potential enemy by the threat of the use of military force characteristic of relations between states in pre-nuclear times is effective

* "Nuclear Deterrence. Implications and Policy Options for the 1980's".
Editors B. Newman and M. Dando, London, Castle House Publications Ltd, 1982
pp XI 249.

now also (p 7). At the same time he is forced to admit that the various doctrines of deterrence and restraint afford an opportunity for extensive manipulation by the external threat bugbear for the purpose of the unlimited stockpiling of nuclear arms. These military preparations, in turn, are capable of summoning retaliatory actions of the opposite side. The inner dynamics of mutual deterrence ("threat-response") spurs the nuclear arms race, which in the nuclear age could be fraught with unpredictable consequences (p 8).

L. Friedman, professor at the Royal Institute of International Relations (London), holds the viewpoint according to which NATO's "flexible response" strategy with its emphasis on first use of nuclear weapons is outdated and in need of serious revision. He believes that the North Atlantic bloc countries should in military planning devote more attention to conventional arms. At the same time, however, the author defends NATO's decision to deploy American intermediate-range missiles in Europe, absurdly claiming that this step corresponds to the interests primarily of the United States' West European allies: "It was the Europeans who insisted that American nuclear arms remain in Europe. It was they who initiated the modernization of NATO's nuclear forces" (p 20). In the expert's opinion, the United States' readiness to agree to the deployment of new missiles on the European continent testifies that "the Americans share with Europeans the risk of a nuclear war in Europe" which "will most likely extend to U.S. territory also" (p 20).

If L. Friedman sees the American nuclear arms deployed in Europe as a guarantee that the United States will fulfill its military commitments to its allies, a number of other of the book's authors believes that the mere presence of nuclear weapons and the American readiness to activate them bring about a real threat of the destruction of European civilization.

Criticizing the "limited" nuclear war concept, Prof G. Connell of Bradford University emphasizes: "The use of tactical nuclear weapons in a limited war in Central Europe, for example, could only mean the total destruction of this region" (p 41). It is for this reason that the American policy of deterrence envisaging the possibility of first use of nuclear weapons can hardly be acceptable for Washington's European allies. In imposing the "shared nuclear risk" concept on the allies American leaders sometimes do not conceal the fact, he warns, that they are not about to sacrifice America for the sake of other countries. For example, former U.S. Secretary of State H. Kissinger has said that in the nuclear age "a nation cannot agree to suicide for the sake of the defense of others' territory" (p 44). G. Connell believes that despite the NATO countries' official adherence to first use of nuclear weapons, "the very idea of deterrence built on an arms race and preparations for war cannot endure indefinitely" (p 51). There is a particular danger, in his opinion, in the current American concepts according to which only from a position of "strategic superiority" is it possible to dictate one's conditions to the opposite side. These methods are futile and spur the nuclear arms race. "Only a policy aimed at mutual understanding, cooperation and adaptation to one another can strengthen peace" (ibid). The author advocates the widest dissemination of information on nuclear weapons, the various theories of deterrence and, particularly, the consequences of nuclear war. An understanding of the fact that a nuclear war, once begun, might not only destroy human civilization but biological life on the planet itself could and should lead to a universal

ban on the first use and use of nuclear weapons in general.

Analyzing the nuclear balance in Europe, Prof P. Dyer from the University of Nebraska (United States) concludes that the deployment of Pershing II's and cruise missiles on the continent is unfounded from the military standpoint. "For 15 years," he emphasizes, "we had nuclear arms in Europe capable of reaching USSR territory, and this seemed perfectly normal, but as soon as the Russians began to deploy arms systems comparable with ours, we concluded that they were behaving aggressively and that there should be a dramatic response to these actions" (p 89). In the author's opinion, even without the plans for "nuclear rearmament" the American nuclear forces which already exist in Europe represent a serious danger. "The presence in Europe of 7,000 tactical nuclear weapons, the recent initiatives on deploying Pershings and cruise missiles and the deliberate inclusion in NATO's military planning of the possibility of the use of nuclear weapons--all this is pervertedly aimed at guaranteeing a development of events where any conflict begun with conventional arms would turn into a nuclear war," P. Dyer writes with alarm (p 91). He believes that realization of the idea of the creation of a nuclear-free zone in this region could contribute to the prevention of a suicidal nuclear war in Europe being unleashed. "The Atlantic Alliance would gain even more than the Soviets from immediate negotiations on the removal of tactical nuclear weapons from all of Europe--both East and West" (p 29).

This conclusion is shared by Prof R. Beaumont from the International Strategic Studies Institute (London). He points to the fact that consideration of the possibility of the use of nuclear weapons on the battlefield unsanctioned by a country's top leadership is entirely lacking in the official American "limited" nuclear war doctrines. He believes that there is a serious risk of the escalation of conventional conflicts to nuclear conflicts as a result of the mistakes and miscalculations of the middle and lower levels of the U.S. Army's command staff (p 128).

B. Kent, secretary general of the CND movement (Britain), warns that the creation of new, more sophisticated and accurate tactical nuclear weapon systems testifies that from a strategy of restraint and deterrence the military leaders of the Western countries have switched to preparations for combat operations using nuclear weapons. "The policy of deterrence," he observes, "is based not on bluff but on real intentions. Nuclear arms are right now and not in the distant future capable of destroying the values which they were allegedly designed to defend" (p 12).

This specialist believes that there has long been a risk of the accidental use of nuclear weapons owing to breakdowns, computer error or the mental disturbance of the soldiers and officers manning nuclear arms. The well-known incidents involving nuclear weapons which have occurred in the United States in recent years "completely shook many people in the West, who discovered in what a dangerous world they are living" (p 10).

B. Kent emphasizes that, based on the "value" of nuclear weapons as an effective diplomatic and military instrument in relations with other countries, the policy of deterrence serves as a "model" and "example" for the states which have not yet provided themselves with such weapons. The threat of the further

spread of these means of mass destruction around the planet increases sharply owing to the incessant nuclear arms race. In the opinion of Prof J. Moore of the Military College (South Carolina, United States), the "nuclear age" demands a change in the traditional approaches to ensuring states' security. However, adherence to power methods and the doctrines of nuclear restraint and deterrence is the reason for the incapacity of the ruling circles of Western countries to give timely priority to such acute problems as nuclear nonproliferation. "It is an ominous assumption," we read in the book, "that only the shock of a nuclear explosion somewhere in the world could compel due attention to be paid to finding different, nonmilitary methods of solving existing security problems" (p 64).

The work also examines critically the claims of military circles of Western countries that civil defense could contribute to the survival of the West European countries' population under the conditions of nuclear conflict. In the example of Britain P. Rogers, a lecturer at Bradford University, shows convincingly that the effectiveness of such measures is minimal and that the British Isles would be threatened with total annihilation. The presence of more than 20 American military bases and the plans to deploy cruise missiles on British territory long since, he believes, made Britain a target for retaliatory strike in the event of even a "limited" nuclear war (p 141).

"It is very convenient to claim that the 'policy of deterrence' preserves peace, but if the numerous facts are viewed objectively, it can be seen that they indicate the reverse," M. Dando emphasizes in the conclusion to the book, summing up the findings of the majority of its authors (p 238).

Through the fault of imperialism the world has been on the brink of catastrophe repeatedly. The doctrines and theories of "nuclear deterrence" are now also preparing the peoples for nuclear war. The security of states in the modern era can be built only on the paths of disarmament and relaxation of tension.

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